



Ministry of
Treasury and
Economics

1990-1991

Public Accounts of Ontario

VOLUME 2

**Financial Statements of
Crown Corporations,
Boards, Commissions**

This publication is also available in French
Ce document est également publié en français

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**MINISTERIAL RESPONSIBILITY FOR
CROWN CORPORATIONS, BOARDS AND COMMISSIONS**

Minister of Agriculture and Food

The Crop Insurance Commission of Ontario
Farm Income Stabilization Commission of Ontario
The Ontario Junior Farmer Establishment Loan Corporation

Attorney General

The Accountant of the Supreme Court of Ontario
The Public Trustee of the Province of Ontario

Minister of Consumer and Commercial Relations

Liquor Control Board of Ontario

Minister of Energy

Ontario Energy Corporation
Ontario Hydro

Minister of the Environment

Ontario Waste Management Corporation

Minister of Government Services

Ontario Mortgage Corporation

Minister of Housing

Ontario Housing Corporation

Minister of Industry, Trade and Technology

The Development Corporations (combined)
Ontario Development Corporation
Eastern Ontario Development Corporation
Northern Ontario Development Corporation
Innovation Ontario Corporation
Ontario Centre for Resource Machinery Technology
Ontario International Corporation

Minister of Labour

Workers' Compensation Board

Management Board of Cabinet

Public Service Pension Board

Minister of Natural Resources

Algonquin Forestry Authority

Ministry of Northern Development and Mines

Ontario Northland Transportation Commission

Minister of Tourism and Recreation

The Niagara Parks Commission
Ontario Lottery Corporation
Ontario Place Corporation

Minister of Transportation

Ontario Transportation Development Corporation
Toronto Area Transit Operating Authority
Urban Transportation Development Corporation Ltd.

Treasurer of Ontario

Stadium Corporation of Ontario Limited
The Ontario Municipal Improvement Corporation
Teachers' Superannuation Fund



A GUIDE TO PUBLIC ACCOUNTS

1. SCOPE OF THE PUBLIC ACCOUNTS

The 1990-91 Public Accounts of the Province of Ontario comprise the financial statements and three volumes:

Volume 1 contains the financial statements of the Province and schedules of supporting information.

Volume 2 contains the financial statements of selected provincial crown corporations, boards and commissions.

Volume 3 contains the details of expenditures.

2. A GUIDE TO VOLUME 2 OF THE PUBLIC ACCOUNTS

The financial statements of the selected crown corporations, boards and commissions are for fiscal periods ending within the Province's own fiscal period April 1, 1990 to March 31, 1991. They are presented in the same detail as the approved, audited financial statements and as nearly as possible in the same form. The statements have been presented alphabetically as shown in the Table of Contents. In addition, a listing is provided which groups the crown corporations, boards and commissions by ministerial responsibility.



ACCOUNTANT OF THE ONTARIO COURT (General Division)

(See Note 1)

Statement of Income and Capital Reserve Account
for the year ended March 31, 1991

	1991 (\$000's)	1990 (\$000's)
Income		
Interest	<u>37,971</u>	<u>31,780</u>
Expenditure		
Interest	35,387	30,155
Administrative		
Salaries and wages	321	297
Employee benefits	48	39
Transportation and communication	10	8
Services	152	102
Supplies and equipment	<u>159</u>	<u>23</u>
	<u>36,077</u>	<u>30,624</u>
Excess of income over expenditure	1,894	1,156
Capital Reserve Account, beginning of year	<u>27,919</u>	<u>26,616</u>
	29,813	27,772
Gain(loss) on sale of investments	<u>(213)</u>	<u>147</u>
Capital Reserve Account, end of year	<u>29,600</u>	<u>27,919</u>

See accompanying schedule and notes to financial statements.

ACCOUNTANT OF THE ONTARIO COURT (General Division)

(See Note 1)

Schedule of Investments
March 31, 1991

SCHEDULE 1

	<u>Par Value</u>	<u>Cost</u>	<u>Market Value</u>
	(\$000's)	(\$000's)	(\$000's)
Bonds			
Government of Canada	8,000	7,941	8,204
Province of Ontario	1,300	1,163	1,182
Ontario Hydro	44,938	43,777	43,324
Province of:			
British Columbia	5,000	5,016	5,136
Saskatchewan	1,150	1,151	1,181
Alberta	2,000	1,979	1,995
Manitoba	1,000	1,000	1,043
Nova Scotia	1,000	989	1,041
Other (note 4)	<u>24,180</u>	<u>23,984</u>	<u>24,281</u>
	88,568	87,000	87,387
Short-term investments (note 5)	<u>306,126</u>	<u>290,163</u>	<u>300,462</u>
	<u>394,694</u>	<u>377,163</u>	<u>387,849</u>

See accompanying notes to financial statements.

ACCOUNTANT OF THE ONTARIO COURT (General Division)

(See Note 1)

Notes to Financial Statements
March 31, 1991

1. GENERAL

The office of the Accountant of the Ontario Court (General Division) is the depository for most funds, mortgages and securities which are paid into the Ontario Court (General Division). Such funds are received and disbursed or released pursuant to judgments and orders of the court, and in accordance with the Courts of Justice Act, 1984 and other relevant statutes. Prior to Court Reform in September 1990, this office was named the Accountant of the Supreme Court of Ontario, and performed similar functions for the then Supreme Court of Ontario.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements have been prepared by management using the modified cash basis of accounting. Under this modified cash basis, income is recorded when received and administrative expenditures are recorded when paid, except at the fiscal year end when an additional thirty days are allowed to record these expenditures pertaining to the fiscal year just ended.

(b) Investments

Funds are invested in income producing securities. The securities are recorded at cost, with gains and losses on the sale of investments recognized in the capital reserve account on a first-in first-out basis.

3. SUITS AND MATTERS

These accounts, vested in the Accountant, represent the undisbursed balances of funds paid into the Ontario Court (General Division) on behalf of minors and pursuant to judgments and orders under various statutes. In January 1991, the Accountant transferred \$101,000 to the Province. These funds represent cheques that have been outstanding for more than one year. Transactions in these accounts during the year were:

	1991 (\$000's)	1990 (\$000's)
Balance, beginning of year	306,775	273,469
Funds paid in, including interest	144,849	127,861
Disbursements, including interest	(107,764)	(90,555)
Funds transferred to Province	(101)	(4,000)
Balance, end of year	<u>343,759</u>	<u>306,775</u>

ACCOUNTANT OF THE ONTARIO COURT (General Division)

(See Note 1)

Notes to Financial Statements
March 31, 1991**4. OTHER BONDS**

Other bonds consist of securities issued by various provincial agencies, Canadian municipalities and chartered banks.

5. SHORT-TERM INVESTMENTS

Short-term investments include bonds, bank instruments and deposits maturing within one year.

6. MORTGAGES AND SECURITIES IN TRUST

The Accountant also acts as custodian of mortgages in the amount of \$1,899,425 (1990 - \$3,168,000) and miscellaneous securities and documents having a recorded value of \$1,336,316 (1990 - \$1,342,000). These amounts are not reflected in the financial statements.

7. PENSION PLAN

The Accountant of the Ontario Court (General Division) provides pension benefits for its permanent employees through participation in the Public Service Pension Fund established by the Province of Ontario. The Accountant's share of contributions to the Fund during the year was \$18,200 (1990 - \$12,500) and is included in employee benefits in the Statement of Income and Capital Reserve Account. This amount includes current contributions and additional payments required to cover the Agency's share of the Fund's estimated unfunded liabilities on January 1, 1990. These additional payments will continue over the next 39 years.

ACCOUNTANT OF THE ONTARIO COURT (General Division)

PROVINCIAL AUDITOR'S REPORT

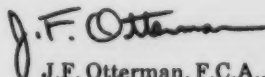
To the Accountant of the Ontario Court (General Division)
and to the Attorney General.

I have audited the balance sheet of the Accountant of the Ontario Court (General Division) as at March 31, 1991 and the statement of income and capital reserve account for the year then ended. These financial statements are the responsibility of the Accountant's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Accountant of the Ontario Court (General Division) as at March 31, 1991 and the results of operations for the year then ended in accordance with the accounting policies described in note 2 to the financial statements.

Toronto, Ontario,
July 12, 1991.



J.F. Otterman, F.C.A.,
Assistant Provincial Auditor

ALGONQUIN FORESTRY AUTHORITY

Balance Sheet
as at March 31, 1991

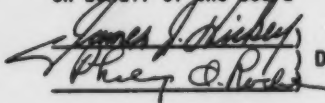
ASSETS

	<u>1991</u>	<u>1990</u>
Current		
Cash	\$ 478,124	\$ 93,678
Accounts receivable	780,778	1,614,283
Inventory	125,584	200,882
Prepaid expenses	<u>4,406</u>	<u>4,409</u>
	1,388,892	1,913,252
Fixed (note 3)	<u>1,505,553</u>	<u>1,136,057</u>
	<u>\$2,894,445</u>	<u>\$3,049,309</u>

LIABILITIES AND RETAINED INCOME

Current		
Accounts payable and accrued liabilities	\$ 446,756	\$ 306,295
Contractors' performance holdbacks	51,103	64,599
Loan, Province of Ontario	<u>500,000</u>	<u>300,000</u>
	997,859	670,894
Retained income	<u>1,896,586</u>	<u>2,378,415</u>
	<u>\$2,894,445</u>	<u>\$3,049,309</u>

On behalf of the Board



Director

SEE ACCOMPANYING SCHEDULE AND NOTES TO FINANCIAL STATEMENTS

ALGONQUIN FORESTRY AUTHORITY

Statement of Operations and Retained Income
for the year ended March 31, 1991

	<u>1991</u>	<u>1990</u>
Revenue		
Product sales	\$6,760,234	\$9,240,958
Standing timber sales	464,917	549,762
Other	<u>219,329</u>	<u>53,600</u>
	<u>7,444,480</u>	<u>9,844,320</u>
Expenditure		
Logging and distribution costs	5,697,284	7,501,333
Crown timber stumpage charges	704,772	1,000,481
Road maintenance	37,366	135,706
Area charges	15,002	19,601
Operations planning	<u>1,467</u>	<u>25,095</u>
	<u>6,455,891</u>	<u>8,682,216</u>
Operating income	<u>988,589</u>	<u>1,162,104</u>
Administrative and other		
Salaries and benefits	746,588	705,891
Depreciation and amortization	227,247	244,978
Interest	108,094	49,171
Office supplies and expenses	75,551	72,518
Directors' allowances and expenses	29,119	28,323
Office rent	23,875	22,287
Insurance	15,052	15,186
Staff travel and training	9,217	28,077
Public relations	7,160	12,425
Miscellaneous	<u>4,514</u>	<u>9,493</u>
	<u>1,246,417</u>	<u>1,188,349</u>
Net loss	(257,828)	(26,245)
Operating retained income, beginning of year	<u>1,737,745</u>	<u>1,763,990</u>
Balance, end of year	1,479,917	1,737,745
Forest Management Undertaking		
Retained income, end of year (Schedule, note 2)	<u>416,669</u>	<u>640,670</u>
Retained income, end of year	<u>\$1,896,586</u>	<u>\$2,378,415</u>

SEE ACCOMPANYING SCHEDULE AND NOTES TO FINANCIAL STATEMENTS

ALGONQUIN FORESTRY AUTHORITY

Statement of Changes in Financial Position
for the year ended March 31, 1991

	<u>1991</u>	<u>1990</u>
Cash provided by (used in) operating activities		
Cash from operations		
Net income (loss) for the year		
Algonquin Forestry Authority	\$ (257,828)	\$ (26,245)
Forest Management Undertaking	(224,001)	62,985
Add (deduct): non-cash items		
Depreciation and amortization	286,391	296,384
Gain on sale of fixed assets	<u>(16,506)</u>	<u>(4,568)</u>
	(211,944)	328,556
(Increase) decrease in non-cash working capital items	<u>1,235,771</u>	<u>(138,333)</u>
	<u>1,023,827</u>	<u>190,223</u>
Cash provided by (used in) investing activities		
Proceeds on sale of fixed assets	20,926	12,582
Acquisition of fixed assets	<u>(660,307)</u>	<u>(225,264)</u>
	<u>(639,381)</u>	<u>(212,682)</u>
Increase (decrease) in cash	384,446	(22,459)
Cash, beginning of year	<u>93,678</u>	<u>116,137</u>
Cash, end of year	<u>\$ 478,124</u>	<u>\$ 93,678</u>

SEE ACCOMPANYING SCHEDULE AND NOTES TO FINANCIAL STATEMENTS

ALGONQUIN FORESTRY AUTHORITY

Forest Management Undertaking
for the year ended March 31, 1991

	1991	1990
Revenue (note 2)		
Forest management revenue	\$ 644,295	\$ 933,398
Stand and silvicultural improvements	455,603	561,743
Operating reimbursements	150,000	150,000
Other	48,761	65,900
	<u>1,298,659</u>	<u>1,711,041</u>
Expenditure		
Wages and benefits	305,574	407,755
Stand improvements	286,177	215,684
Equipment rentals	219,221	181,901
Subcontractors - tree marking and other	103,108	228,788
Materials	60,532	79,194
Vehicle costs	35,592	45,388
Salt and calcium	33,617	63,512
Paint	29,741	56,012
Board and provisions	13,960	16,243
	<u>1,087,522</u>	<u>1,294,477</u>
Operating income	<u>211,137</u>	<u>416,564</u>
Administrative and other		
Salaries and benefits	329,562	256,498
Depreciation	59,144	51,406
Staff training	14,892	6,757
Insurance	12,346	13,374
Office rent	9,395	8,898
Public relations	5,818	2,176
Staff travel and relocation	3,414	3,089
Office expenses	567	11,381
	<u>435,138</u>	<u>353,579</u>
Net income (loss)	(224,001)	62,985
Retained income, beginning of year	<u>640,670</u>	<u>577,685</u>
Retained income, end of year	<u>\$ 416,669</u>	<u>\$ 640,670</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

ALGONQUIN FORESTRY AUTHORITY

Notes to Financial Statements
March 31, 1991

1. Significant accounting policies

The financial statements have been prepared by management in accordance with generally accepted accounting principles, with the significant ones summarized below.

(a) Inventory

Inventory is valued on the first in, first out basis at the lower of cost or net realizable value.

(b) Fixed assets

Fixed assets are recorded at cost. Depreciation is provided for on a straight-line basis, using rates of 10% per annum for furniture, fixtures, technical equipment, bridges and leasehold improvements, 20% per annum for data processing equipment and 33 1/3% per annum for automotive equipment. The cost of capital roads is amortized over the estimated number of operating seasons for which the roads are to be used, with a maximum amortization period of 10 years. Forest Management Undertaking (FMU) assets are depreciated and amortized at the same rates as the assets mentioned above.

2. Forest management undertaking

Effective April 1, 1983, the Authority undertook certain forest and land management activities formerly carried out by the Ministry of Natural Resources. Revenue for these activities is derived primarily from the retention of approximately 90% of the stumpage charges normally remitted to the Ministry (identified as forest management revenue) and from funds provided by the Ministry for stand and silvicultural improvements and operating reimbursements. These obligations are covered by an agreement with the Ministry which expires March 31, 2000.

ALGONQUIN FORESTRY AUTHORITY

Notes to Financial Statements
March 31, 1991

3. Fixed assets

	<u>1991</u>			<u>1990</u>
	<u>Cost</u>	<u>Accumulated Depreciation and Amortization</u>	<u>Net</u>	<u>Net</u>
Land (note 6)	\$ 341,000	\$ --	\$ 341,000	\$ --
Furniture and fixtures	71,408	37,507	33,901	25,554
Data processing equipment	76,518	61,055	15,463	18,860
Technical equipment	168,678	49,543	119,135	87,665
Automotive equipment	138,900	102,987	35,913	31,930
Bridges	14,137	14,137	--	--
Capital roads	1,892,502	1,136,832	755,670	764,024
Leasehold improvements	26,617	7,837	18,780	20,764
FMU assets	<u>327,257</u>	<u>141,566</u>	<u>185,691</u>	<u>187,260</u>
	<u>\$3,057,017</u>	<u>\$1,551,464</u>	<u>\$1,505,553</u>	<u>\$1,136,057</u>

4. Pension plan

The Authority provides pension benefits for permanent employees through participation in the Public Service Pension Fund established by the Province of Ontario. The Authority's share of contributions to the Fund during the year was \$69,462 (1990 - \$61,692) and is included in salaries and benefits in the Statement of Operations and Retained Income. This amount includes current contributions and additional payments required to cover the Authority's share of the Fund's estimated unfunded liabilities on January 1, 1990. These additional payments will continue over the next 39 years.

ALGONQUIN FORESTRY AUTHORITY

Notes to Financial Statements
March 31, 1991

5. Remuneration of appointees

Total remuneration of the Board members of the Authority was \$11,630 during the 1991 fiscal year (1990 - \$11,566).

6. Subsequent event

Subsequent to the end of the Authority's fiscal year, land was sold to the Province of Ontario for its carrying value of \$341,000.

ALGONQUIN FORESTRY AUTHORITY

PROVINCIAL AUDITOR'S REPORT

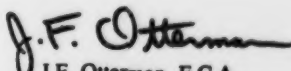
To the Members, Algonquin Forestry Authority, and
to the Minister of Natural Resources.

I have audited the balance sheet of the Algonquin Forestry Authority as at March 31, 1991 and the statements of operations and retained income and changes in financial position for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Toronto, Ontario,
May 16, 1991.


J.F. Otterman, F.C.A.,
Assistant Provincial Auditor

THE CROP INSURANCE COMMISSION OF ONTARIO

Balance Sheet
as at March 31, 1991

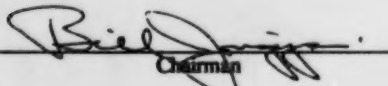
Assets	1991 (\$000's)	1990 (\$000's)
Cash and short term investments	112,386	70,543
Accounts and premium subsidy receivable	<u>1,269</u>	<u>927</u>
	<u>113,655</u>	<u>71,470</u>

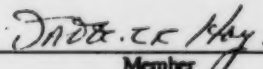
Liabilities and Surplus

Provision for payment of unsettled indemnities	1,285	1,278
Premiums collected in advance	1,966	446
Unearned premiums	2,934	4,502
Advances from the Ministry of Agriculture and Food	<u>58</u>	<u>15</u>
	6,243	6,241
Surplus	<u>107,412</u>	<u>65,229</u>
	<u>113,655</u>	<u>71,470</u>

See accompanying notes to financial statements.

On behalf of the Commission:


Chairman


Member

THE CROP INSURANCE COMMISSION OF ONTARIO

Statement of Revenue and Expenditure
for the year ended March 31, 1991

	1991 (\$000's)	1990 (\$000's)
Revenue		
Crop Insurance Premiums:		
Premiums from insured producers	26,224	26,514
Premium subsidies from the Government of Canada (note 2)	-	16,514
Premium subsidies from the Province (note 2)	<u>26,224</u>	<u>10,000</u>
	52,448	53,028
Interest income	12,443	8,430
Administrative expenses paid by Province (notes 2 and 3)	<u>7,626</u>	<u>6,858</u>
	<u>72,517</u>	<u>68,316</u>
Expenditure		
Indemnities	22,259	36,907
Administrative expenses (note 3)	<u>7,626</u>	<u>6,858</u>
	<u>29,885</u>	<u>43,765</u>
Excess of revenue over expenditure	<u>42,632</u>	<u>24,551</u>

See accompanying notes to financial statements.

THE CROP INSURANCE COMMISSION OF ONTARIO

Statement of Surplus
for the year ended March 31, 1991

	1991 (\$000's)	1990 (\$000's)
Balance, beginning of year	65,229	40,727
Adjustment to prior year's indemnity provision	<u>(449)</u>	<u>(49)</u>
	64,780	40,678
Excess of revenue over expenditure	<u>42,632</u>	<u>24,551</u>
Balance, end of year	<u>107,412</u>	<u>65,229</u>

See accompanying notes to financial statements.

THE CROP INSURANCE COMMISSION OF ONTARIO

Notes to Financial Statements
March 31, 1991

1. SIGNIFICANT ACCOUNTING POLICIES**(a) Basis of accounting**

The Commission's financial statements have been prepared by management using the accrual basis of accounting except for administrative expenses which are recorded on the cash basis, modified to allow an additional thirty days to pay for goods and services pertaining to the fiscal year just ended.

(b) Provisions for payment of unsettled indemnities

At the end of a fiscal year, the Commission estimates outstanding indemnities. In the subsequent year, any difference between the estimated and the actual indemnities is reflected in the statement of surplus and not in the statement of revenue and expenditure as the Commission feels the difference should not be reflected in the current year's operating results.

(c) Premiums collected in advance

Premiums collected in advance represent premiums received for the insurance of various crops where the deadline for applying for insurance coverage occurs after March 31, 1991. This insurance may be cancelled by the insured prior to the deadline date and premiums refunded.

(d) Unearned premiums

Unearned premiums represent premiums received for winter wheat and fruit crops. The harvesting of these crops and the payment of indemnities occurs subsequent to March 31, 1991. However, the deadline date for applying for insurance coverage occurs prior to year end, and accordingly, the insurance cannot be cancelled and no premiums will be refunded.

2. CANADA-ONTARIO CROP INSURANCE AGREEMENT

The Canada-Ontario Crop Insurance Agreement was terminated on April 1, 1990. Under a proposed agreement which has not yet been finalized, the Province and the Federal Government would share equally the costs of premium subsidies and administrative expenses, retroactive to April 1, 1990.

3. ADMINISTRATIVE EXPENSES

Salaries, benefits and other administrative expenses of the Commission are absorbed by the Ministry of Agriculture and Food and are included in the statement of revenue and expenditure. Administrative expenses includes \$469,036 in set up costs for the new Gross Revenue Insurance Plan, of which 50 per cent has been reimbursed to the Province by the Federal Government.

4. REMUNERATION OF APPOINTEES

Total remuneration of the members of the Commission was \$59,555 during the 1991 fiscal year (1990 - \$36,739).

THE CROP INSURANCE COMMISSION OF ONTARIO
PROVINCIAL AUDITOR'S REPORT

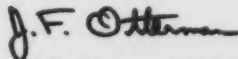
To The Crop Insurance Commission of Ontario
and to the Minister of Agriculture and Food.

I have audited the balance sheet of The Crop Insurance Commission of Ontario as at March 31, 1991 and the statement of revenue and expenditure and surplus for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 1991 and the results of its operations for the year then ended in accordance with the accounting policies described in note 1 to the financial statements.

Toronto, Ontario,
July 18, 1991.



J.F. Otterman, F.C.A.,
Assistant Provincial Auditor

THE DEVELOPMENT CORPORATIONS

Combined Balance Sheet
as at March 31, 1991

		1991	1990
		\$	\$
		[thousands]	
ASSETS			
Loans receivable	[note 3]	226,248	227,775
Equity and royalty investments	[note 4]	20,092	18,547
		246,340	246,322
Cash and short-term deposits		30,390	31,265
Accounts receivable		637	429
Investment in non-consolidated subsidiaries	[note 6]	10,614	15,275
Fixed assets—industrial parks	[note 5]	3,513	3,725
Other assets	[note 7]	312	316
Total assets		291,806	297,332
LIABILITIES			
Dividend payable		2,600	0
Accounts payable		507	156
		3,107	156
Commitments and contingencies	[notes 8 and 13]		
INVESTMENT BY THE PROVINCE OF ONTARIO			
Share capital of Ontario Development Corporation		7,000	7,000
Contributed capital, net of distributions		328,884	270,236
Advances	[note 9]	175,564	182,502
Accumulated net cost of operations		(203,293)	(149,673)
Due from Province		(19,456)	(12,889)
		288,699	297,176
Total liabilities and investment by the Province		291,806	297,332

See accompanying notes to combined financial statements

Gordon H. Campbell
Chairman
Ontario Development Corporation

John Clark
Chairman
Eastern Ontario Development Corporation

Donald J. Green
Chairman
Innovation Ontario Corporation

Richard Clark
Chairman
Northern Ontario Development Corporation

THE DEVELOPMENT CORPORATIONS

Combined Statement of Operations
for the year ended March 31, 1991

		1991 \$	1990 \$
		[thousands]	
REVENUE			
Interest on loans	[note 3]	15,285	16,103
Interest on short-term deposits		3,043	3,536
Net income from industrial parks	[note 5]	2,590	2,438
Gain on sale of investments and land		616	2,416
Other income		130	320
		21,664	24,813
EXPENSES			
Credit and investment losses (net of recoveries)	[note 10]		
Loans		21,761	11,083
Investments		3,321	2,913
Guarantees			
New Ventures program		17,011	11,677
Other		9,637	4,785
Interest subsidy payments		3,094	4,859
Technology royalty investments		585	766
Administration	[note 11]	15,173	14,013
		70,582	50,096
Net cost of operations before the following		48,918	25,283
Loss from non-consolidated subsidiaries	[note 6]	4,702	2,236
Net cost of operations		53,620	27,519

See accompanying notes to combined financial statements

THE DEVELOPMENT CORPORATIONS

Combined Statement of Investment by the Province of Ontario
for the year ended March 31, 1991

	Ontario Development Corporation share capital	Contributed capital	Advances	Accumulated net cost of operations	Due from Province
	\$	\$	\$	\$	\$
			[thousands]		
Balance, March 31, 1990	7,000	270,236	182,502	(149,673)	(12,889)
Interest on advances		(10,551)			
Contributions to fund					
Investments of					
Innovation Ontario		7,938			
Technology royalty investments		585			
Other investments (disposal)		(2,968)			
Guarantee and other					
program costs		30,761			
Administration		15,173			
Forgiveness of advances		22,510	(22,510)		
New advances,					
net of repayments			15,572		
Net cost of operations for					
the year				(53,620)	
Dividends paid or payable		(4,800)			
Net change in due from Province					(6,567)
Balance, March 31, 1991	7,000	328,884	175,564	(203,293)	(19,456)

See accompanying notes to combined financial statements

THE DEVELOPMENT CORPORATIONS

Combined Statement of Cash Flows
for the year ended March 31, 1991

	1991 \$	1990 \$
	[thousands]	
LENDING, INVESTING AND FINANCIAL ASSISTANCE ACTIVITIES		
Loan disbursements, net of collections	(21,459)	(3,767)
Interest collected from borrowers	16,043	16,522
Disbursements for equity investments	(4,821)	(6,811)
Proceeds on sale of investments	571	407
Disbursements for guarantees honoured and guarantee interest subsidies	(32,362)	(23,623)
Technology royalty investments	(585)	(766)
Cash outflow for lending, investing and financial assistance activities	(42,613)	(18,038)
FINANCING ACTIVITIES		
Interest paid on Provincial advances	(12,964)	(13,339)
Net advances	14,453	16,805
Cash contributions from the Province for:		
Equity and technology royalty investments	5,815	8,028
Lending activities	37,127	19,974
Administration	15,173	14,013
Net receipts from (payments to) Province for:		
Other agency loans under administration	2,447	8
Recoveries from borrowers of loan writeoffs and guarantees honoured	1,176	(4,754)
Dividends paid	(2,200)	(38,000)
Other	(10,167)	(2,384)
Cash inflow from financing activities	50,860	351
OPERATING ACTIVITIES		
Operating cash flow from industrial parks	4,065	3,828
Interest received on short-term deposits	2,992	3,600
Administration costs	(15,173)	(14,013)
Fixed asset additions	(1,355)	(1,304)
Proceeds on sale of assets	0	2,753
Other	349	346
Cash outflow for operating activities	(9,122)	(4,790)
Decrease in cash and short-term deposits	(875)	(22,477)
Cash and short-term deposits, beginning of year	31,265	53,742
Cash and short-term deposits, end of year	30,390	31,265

See accompanying notes to combined financial statements

THE DEVELOPMENT CORPORATIONS

Notes to Combined Financial Statements
March 31, 1991

1. GENERAL

These financial statements combine the accounts of Ontario Development Corporation ("ODC"), Northern Ontario Development Corporation ("NODC"), Eastern Ontario Development Corporation ("EODC") and Innovation Ontario Corporation ("IOC"). The Corporations are incorporated under the Development Corporations Act and, except for ODC, are corporations without share capital. As Ontario Crown Corporations, the Corporations are exempt from income taxes under Section 149 1(d) of the Canadian Income Tax Act.

The Corporations' objectives are to encourage and assist in the development and diversification of industry in Ontario. The Corporations provide financial assistance by making loans, guaranteeing loans, acquiring equity securities and operating industrial park facilities. They also administer certain activities on behalf of other Provincial ministries and agencies [see Note 12].

2. SIGNIFICANT ACCOUNTING POLICIES**(a) Transactions with the Province**

The Province's investment in The Development Corporations is detailed in the Statement of Investment by the Province of Ontario. In addition to the share capital, the Province contributes funds to finance the lending, investing and financial assistance activities and reimburses the Corporations for operating costs. Credit and investment losses are recorded as a reduction in advances from the Province and an increase in contributed capital.

The Province's gross investment is reduced by advances repaid, interest on funds advanced, dividends and recoveries of loan and guarantee losses.

(b) Loans receivable

Loans receivable are reported at the amount disbursed plus accrued interest, less principal repayments and amounts written off. No provision is made for doubtful loans in advance of a loan being written off.

Loans receivable include both loans made directly by the Corporations and loans administered for other Provincial ministries and agencies if one of the Corporations is a signatory to the loan agreement.

THE DEVELOPMENT CORPORATIONS

Notes to Combined Financial Statements
March 31, 1991

(b) Loans receivable (cont'd.)

A loan is considered for write-off at the time any of the following circumstances exist:

- i) either principal or interest payments are greater than 180 days in arrears;
- ii) the loan is a restructured loan and principal or interest payments are greater than 90 days in arrears;
- iii) the loan previously has been partially written off; or
- iv) at any other time when, in management's view, the loan has suffered an impairment in value that is considered other than temporary.

Loans which meet any of the above criteria are written off unless management believes that the Corporations will recover some or all of the outstanding loan balance, in which case the loan is written down to the estimated net realizable value.

Loan losses in the Combined Statement of Operations are net of recoveries on loans previously written off.

(c) Equity investments

Equity investments are recorded at cost less provision for losses for those investments that in management's opinion have incurred an other than temporary decline in value. The provision is determined by management based upon their best estimates from the most current information available to them. Establishing the value of an early stage investment, when there is no existing market for the shares, is very difficult. As such, if a provision for loss is made with respect to a specific investment, the provision would normally be for the full cost of the investment.

THE DEVELOPMENT CORPORATIONS

Notes to Combined Financial Statements
March 31, 1991

(d) Technology royalty investments

In specific instances, IOC will make an investment using a royalty arrangement rather than the purchase of equity. Given the uncertain nature, both with respect to timing and magnitude of future royalties, royalty investments are expensed as incurred.

(e) Revenue recognition

Interest income is recognized on the accrual basis, except for certain loans administered by the Corporations that permit the borrower to defer interest payments. For those interest-deferred loans, interest that accrues during the deferred payment period is recognized in income when received.

(f) Guarantees

Guarantee expenses are recognized at the date the Corporations are requested to honour a guarantee. No provision for anticipated guarantee losses is recorded in advance of requests to honour a guarantee. Guarantee losses in the Combined Statement of Operations are net of recoveries on guarantees previously honoured.

(g) Fixed assets

Industrial Parks

Fixed asset additions since the date the industrial parks were acquired by ODC have been capitalized in the accounts and are depreciated on a straight-line basis over the estimated useful lives of the assets at the following rates:

Buildings and improvements	5% to 20%
Equipment	20%

THE DEVELOPMENT CORPORATIONS

Notes to Combined Financial Statements
March 31, 1991

(g) Fixed assets (cont'd.)

Other

Fixed assets for the Corporations' own use other than industrial park assets are expensed on acquisition and are included in administration expenses.

(h) Non-consolidated subsidiaries

The investment in three wholly-owned subsidiaries of ODC are accounted for by the equity method because of ODC's formal plan to dispose of the assets of the subsidiaries. [see Note 6].

(i) Administration expenses

Administration expenses are recorded on a cash basis which is modified to allow for an additional thirty days to pay for debts incurred during the fiscal year just ended.

3. LOANS RECEIVABLE

Loans receivable include \$61.7 million [1990 - \$70.7 million] of loans administered on behalf of other Provincial agencies and ministries.

As at March 31, 1991, 5.8% of total loans receivable are floating-rate loans, with the balance of interest earning loans bearing fixed rates ranging from 6% to 16.5%. The weighted average interest rate on all interest-bearing loans was 11.0% at March 31, 1991 [1990 - 10.6%].

Loans on which payments were past due by more than 90 days and 180 days amounted to \$38.9 million and \$17.3 million respectively [1990 - \$23.1 million and \$11.1 million respectively].

THE DEVELOPMENT CORPORATIONS

Notes to Combined Financial Statements
March 31, 1991

4. EQUITY AND ROYALTY INVESTMENTS

	Number of investees	1991 \$	1990 \$
		[thousands]	
Common shares	113	19,492	17,697
Preferred shares	5	600	850
Royalty interests	62	-	-
	180	20,092	18,547

The accumulated total disbursements related to technology royalty investments as at March 31, 1991 was \$3,585,000 [1990 - \$3,000,000].

5. INDUSTRIAL PARK OPERATIONS

ODC owns and operates Huron Industrial Park, located near London, Ontario and Northam Industrial Park in Cobourg, Ontario.

Results of operations of the parks for the year ended March 31:

	1991 \$	1990 \$
	[thousands]	
Rental revenue	4,504	4,049
Interest income and other	1,929	1,313
Depreciation	(1,567)	(1,434)
Other operating expenses	(2,276)	(1,490)
Net income	2,590	2,438

THE DEVELOPMENT CORPORATIONS

Notes to Combined Financial Statements
March 31, 1991

Fixed assets of the industrial parks as at March 31:

	Cost \$	Accumulated Depreciation \$	1991 Net \$	1990 Net \$
	[thousands]			
Land	341	0	341	341
Buildings and improvements	17,523	14,502	3,021	3,176
Equipment	1,363	1,212	151	208
	19,227	15,714	3,513	3,725

6. INVESTMENT IN NON-CONSOLIDATED SUBSIDIARIES

IDEA Innovation Fund Inc., IDEA Research Investment Fund Inc. and IDEA Information Technology Fund Inc., which are wholly-owned by ODC, are accounted for by the equity method (Note 2(h)). Summarized combined information about the financial position and results of operations of these subsidiaries is provided below:

Financial position as at March 31:

	1991 \$	1990 \$
	[thousands]	
Cash	3,466	3,464
Investments	7,130	11,845
Other assets (liabilities)	18	(34)
	10,614	15,275
Represented by:		
Advances from ODC	29,940	29,899
Capital stock	13,000	13,000
Deficit	(32,326)	(27,624)
	10,614	15,275

The advances from ODC are non-interest bearing with no fixed repayment terms.

THE DEVELOPMENT CORPORATIONS

Notes to Combined Financial Statements
March 31, 1991

Results of Operations for the year ended March 31:

	1991	1990
	\$	\$
	[thousands]	
Gain on sale of investments	25	157
Interest and other income	18	53
	43	210
Loss on investments	4,625	2,226
Other expenses	120	220
	4,745	2,446
Net loss for the year	4,702	2,236

7. OTHER ASSETS

	1991	1990
	\$	\$
	[thousands]	
Sheridan Park land - at cost	62	62
Assets acquired through loan foreclosure (at the lower of cost and estimated realizable value):		
Shares	250	250
Other	0	4
	312	316

THE DEVELOPMENT CORPORATIONS

Notes to Combined Financial Statements
March 31, 1991

8. GUARANTEES

The Corporations guarantee the repayment of certain loans made by private sector financial institutions to qualifying Ontario businesses. ODC also guarantees certain obligations of the Ontario Share and Deposit Insurance Corporation ("OSDIC"). Normally, no guarantee fees are charged to the borrowers or to the Province. Under certain of the guarantee programs, The Corporations guarantee only a portion of loans outstanding. Furthermore, if certain of the guarantees are required to be honoured, the funding to meet such obligations will be received from other ministries or agencies. At March 31, 1991, the Corporations' contingent liability and commitments under guarantees is as follows:

	Contingent liability under guarantees for loans advanced \$	Commitments to guarantee loans not yet advanced \$	Total contingent liability and commitments \$
		[thousands]	
New Ventures Program	64,781	5,024	69,805
OSDIC	53,750	41,250	95,000
James River	0	70,000	70,000
Other Guarantees	104,495	100,940	205,435
	223,026	217,214	440,240

The accounting for guarantee losses is described in note 2(f).

9. ADVANCES

Advances from the Province are used to fund loans. The advances have no fixed maturity dates and are forgiven by the Province if the related loan receivable proves uncollectible.

Certain of the advances related to specific programs are interest free. At March 31, 1991, \$103.5 million [1990 - \$99.9 million] of advances were interest bearing, with the balance of \$72.1 million [1990 - \$82.6 million] being interest free.

THE DEVELOPMENT CORPORATIONS

Notes to Combined Financial Statements
March 31, 1991

10. CREDIT AND INVESTMENT LOSSES

Credit and investment losses shown in the Combined Statement of Operations are net of recoveries as follows:

	Loans \$	Investments \$	New ventures guarantees \$	Other guarantees \$
	[thousands]			
Write-downs/ guarantees honoured	24,473	3,321	18,664	10,604
Less recoveries	(2,712)	(0)	(1,653)	(967)
Net expense 1991	21,761	3,321	17,011	9,637
Net expense 1990	11,083	2,913	11,677	4,785

11. ADMINISTRATION

Administration expenses for the year ended March 31 are as follows:

	1991 \$	1990 \$
	[thousands]	
Salaries and benefits	9,699	8,663
Transportation and communication	1,293	944
Services	3,121	2,976
Supplies and equipment	1,060	1,253
Other expenses	0	177
	15,173	14,013

THE DEVELOPMENT CORPORATIONS

Notes to Combined Financial Statements
March 31, 1991

The Corporations provide pension benefits for all their permanent staff through participation in the Public Service Pension Fund, established by the Province of Ontario. The Corporations' share of contributions to the Fund during the year was \$808,800 [1990 - \$513,600] and is included in salaries and benefits. This amount includes current contributions and additional payments required to cover the Corporations' share of the Fund's estimated unfunded liabilities on January 1, 1990. These additional payments will continue over forty years.

The Corporations had fifty four members on their Boards on March 31, 1991. The remuneration of the directors for 1991 totalled \$237,738 [1990 - \$237,327].

12. ACTIVITIES ADMINISTERED BY THE DEVELOPMENT CORPORATIONS

The Corporations are responsible for a wide variety of activities, including activities managed on behalf of other ministries and agencies of the Province of Ontario. The Schedule of Activities Administered by the Corporations, Schedule 1, summarizes the activities administered at March 31, 1991, other than industrial park operations (Note 5 provides information about the industrial parks).

The Schedule of Activities Administered includes loans, debentures and equity investments that are included in the Combined Balance Sheet. The schedule also includes loans guaranteed by the Corporations, as well as certain loans, equity investments and repayable grants administered for other ministries and agencies. These additional activities are not included in the Combined Balance Sheet.

THE DEVELOPMENT CORPORATIONS

Notes to Combined Financial Statements
March 31, 1991

The total activity amounts included in the schedule differ from amounts reported in the Combined Balance Sheet as follows:

	1991	1990
	\$	\$
	[thousands]	
Loans and investments per combined balance sheet:		
Loans receivable	226,248	227,775
Equity investments	20,092	18,547
Investment in non-consolidated subsidiaries	10,614	15,275
Total loans and investments per combined balance sheet	256,954	261,597
Other activities administered:		
Loans of other ministries and agencies	191,567	183,771
Loans guaranteed	344,813	370,466
Repayable grants/conditional loans	141,569	121,732
Investment in Varsity Corporation	16,900	16,900
Assets of non-consolidated subsidiaries other than investments and loans	(2,454)	(3,430)
Total other activities administered	692,395	689,439
Total activities per Schedule of Activities Administered	949,349	951,036

Under certain guarantee programs, The Development Corporations guarantee only a portion of outstanding loans. Guaranteed loans disclosed above and in the Schedule of Activities Administered represent the total value of loans for which guarantees have been committed, which exceed The Development Corporations' contingent liability under guarantees [see Note 8].

THE DEVELOPMENT CORPORATIONS

Notes to Combined Financial Statements
March 31, 1991

13. COMMITMENTS AND CONTINGENCIES

- (a) See Note 8 for information on guarantees.
- (b) Commitments at March 31, 1991 to make loans and investments and to provide guarantees are disclosed at the foot of the Schedule of Activities Administered.
- (c) A legal action claiming damages of \$4 million plus interest, which had been instituted against the Corporations and others by a former shareholder of Minaki Lodge Resort Ltd. and Minaki Development Company Limited, was dismissed by the Ontario Court of Appeal; however, the plaintiff has appealed the dismissal. In the opinion of management, the likely success of the appeal is indeterminable and accordingly, no recognition has been made in the accounts for any losses on this action. Any losses resulting from this action will be recorded as an expenditure when paid and recovered from the Province at that time.

THE DEVELOPMENT CORPORATIONS

Schedule 1
Activities Administered by the Development Corporations

As At March 31, 1991	Loans and Debentures Number	(\$000's)	Loans Guaranteed Number	(\$000's)	Equity Investments /Royalty Interests Number	(\$000's)	Repayable Grants/ Conditional Loans Number	(\$000's)	Total 1990/91 (\$000's)	Total March 31/90 (\$000's)
Business Sector/Program										
Manufacturing	1,096	112,515	83	43,582	1	16,900	512	124,750	297,747	271,004
High Technology	97	68,446			145	28,226			96,672	29,882
Export	185	24,156							24,156	23,520
Tourism	685	65,049	247	68,080			2	6,423	139,552	124,734
Social Agency Programs:										
MITT	15	132,600							132,600	213,900
New Ventures			12,850	179,401					179,401	160,509
Credit Unions (deposit insurance)			1	53,750					53,750	91,250
Other	182	4,253					2	10,396	14,649	36,237
Total Outstanding at March 31, 1991	2,260	407,019	13,181	344,813	146	45,126	516	141,569	938,527	951,036
Corporation										
Ontario Development Corporation (excl. Social Agency Programs)	1,061	114,310	165	50,388	12	28,694	38	112,144	305,536	281,793
Northern Ontario Development Corporation	604	67,088	79	36,830			454	28,801	132,719	118,516
Eastern Ontario Development Corporation	533	44,668	86	24,444			24	624	69,756	72,584
Innovation Ontario Corporation	4	188			134	16,432			16,620	12,484
Ontario Development Corporation (Social Agency Programs)	58	180,745	12,851	233,151					413,896	465,659
Total Outstanding at March 31, 1991	2,260	407,019	13,181	344,813	146	45,126	516	141,569	938,527	951,036
Total Outstanding at March 31, 1990	1,783	412,056	11,423	370,466	150	46,782	431	121,732		951,036
Commitments at March 31, 1991	499	103,277	583	152,640	11	800			256,817	98,553

THE DEVELOPMENT CORPORATIONS

PROVINCIAL AUDITOR'S REPORT

To the Ontario Development Corporation,
Northern Ontario Development Corporation,
Eastern Ontario Development Corporation,
Innovation Ontario Corporation,
and to the Minister of Industry, Trade and Technology.

I have audited the combined balance sheet of The Development Corporations consisting of Ontario Development Corporation, Northern Ontario Development Corporation, Eastern Ontario Development Corporation and Innovation Ontario Corporation as at March 31, 1991 and the combined statements of operations, investment by the Province of Ontario and cash flows for the year then ended. These combined financial statements are the responsibility of The Development Corporations' management. My responsibility is to express an opinion on these combined financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall combined financial statement presentation.

In my opinion, these combined financial statements present fairly, in all material respects, the financial position of The Development Corporations as at March 31, 1991 and the results of their operations and the changes in their financial position for the year then ended in accordance with the accounting policies described in note 2 to the combined financial statements.

Toronto, Ontario,
June 28, 1991.

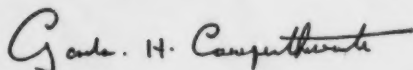
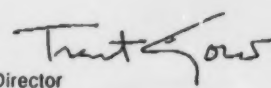

D.F. Archer, F.C.A.,
Provincial Auditor

ONTARIO DEVELOPMENT CORPORATION

Balance Sheet
as at March 31, 1991

		1991	1990
		\$	\$
		[thousands]	
ASSETS			
Loans receivable	[note 3]	114,310	117,398
Equity investments	[note 4]	3,660	6,271
		117,970	123,669
Cash and short-term deposits		19,267	16,338
Accounts receivable	- Northern Ontario Development Corporation	4,651	4,776
	- Eastern Ontario Development Corporation	103	727
	- Other	516	313
Investment in non-consolidated subsidiaries	[note 6]	10,614	15,275
Fixed assets-industrial parks	[note 5]	3,513	3,725
Other assets	[note 7]	62	62
Total assets		156,696	164,885
LIABILITIES			
Dividend payable		2,600	0
Accounts payable		464	113
Total liabilities		3,064	113
Commitments and contingencies	[notes 8 and 12]		
INVESTMENT BY THE PROVINCE OF ONTARIO			
Share capital of Ontario Development Corporation		7,000	7,000
Contributed capital, net of distributions		255,821	213,035
Advances	[note 9]	74,024	78,429
Accumulated net cost of operations		(172,402)	(127,066)
Due from Province		(10,811)	(6,626)
		153,632	164,772
Total liabilities and investment by the Province		156,696	164,885

See accompanying notes to financial statements

Chairman

Director

ONTARIO DEVELOPMENT CORPORATION

Statement of Operations
for the year ended March 31, 1991

		1991 \$	1990 \$
		[thousands]	
REVENUE			
Interest on loans	[note 3]	10,120	10,749
Interest on short-term deposits		1,302	2,208
Net income from industrial parks	[note 5]	2,590	2,438
Gain on sale of investments and land		506	2,246
Other income		100	69
		14,618	17,710
EXPENSES			
Credit and investment losses (net of recoveries)	[note 10]		
Loans		17,103	6,820
Guarantees			
New Ventures program		17,011	11,677
Other		8,995	1,569
Interest subsidy payments		1,303	1,882
Administration	[note 11]	10,840	10,155
		55,252	32,103
Net cost of operations before the following		40,634	14,393
Loss from non-consolidated subsidiaries	[note 6]	4,702	2,236
Net cost of operations		45,336	16,629

See accompanying notes to financial statements

ONTARIO DEVELOPMENT CORPORATION

Statement of Investment by the Province of Ontario
for the year ended March 31, 1991

	Share capital \$	Contributed capital \$	Advances \$	Accumulated net cost of operations \$	Due from Province \$
	[thousands]				
Balance, March 31, 1990	7,000	213,035	78,429	(127,066)	(6,626)
Interest on advances		(3,071)			
Contributions to fund:					
Investment (disposal)		(2,968)			
Guarantee and other program costs		25,324			
Administration		10,840			
Forgiveness of advances		17,461	(17,461)		
New advances, net of repayments			13,056		
Net cost of operations for the year				(45,336)	
Dividends paid or payable		(4,800)			
Net change in due from Province					(4,185)
Balance, March 31, 1991	7,000	255,821	74,024	(172,402)	(10,811)

See accompanying notes to financial statements

ONTARIO DEVELOPMENT CORPORATION

Statement of Cash Flows
for the year ended March 31, 1991

	1991 \$	1990 \$
	[thousands]	
LENDING, INVESTING AND FINANCIAL ASSISTANCE ACTIVITIES		
Loan disbursements, net of collections	(14,805)	4,790
Interest collected from borrowers	10,636	11,013
Receipts (disbursements) for equity investments	3,117	(1,860)
Disbursements for guarantees honoured and guarantee interest subsidies	(29,763)	(17,368)
Cash outflow for lending, investing and financial assistance activities	(30,815)	(3,425)
FINANCING ACTIVITIES		
Interest paid on Provincial advances	(4,351)	(2,798)
Net receipts (repayments)	13,874	(1,027)
Cash contributions from the Province for:		
Equity investments	(2,708)	1,770
Lending activities, including new ventures	31,377	11,090
Administration	10,840	10,155
Net receipts from (payments to) Province for:		
Other agency loans under administration	(222)	1,125
Recoveries from borrowers of loan writeoffs and guarantees honoured	1,339	(3,541)
Dividends paid	(2,200)	(38,000)
Other	(8,425)	(3,753)
Cash inflow (outflow) from financing activities	39,524	(24,979)
OPERATING ACTIVITIES		
Operating cash flow from industrial parks	4,065	3,828
Interest received on short-term deposits	1,237	2,366
Administration costs	(10,840)	(10,155)
Fixed asset additions	(1,355)	(1,304)
Proceeds on sale of assets	0	2,417
Other	1,113	(1,267)
Cash outflow for operating activities	(5,780)	(4,115)
Increase (decrease) in cash and short-term deposits	2,929	(32,513)
Cash and short-term deposits, beginning of year	16,338	48,857
Cash and short-term deposits, end of year	19,267	16,338

See accompanying notes to financial statements

ONTARIO DEVELOPMENT CORPORATION

Notes to Financial Statements
March 31, 1991

1. GENERAL

The Ontario Development Corporation was incorporated under the Development Corporations Act. As an Ontario Crown Corporation, the Corporation is exempt from income taxes under Section 149 1(d) of the Canadian Income Tax Act.

The Corporation's objective is to encourage and assist in the development and diversification of industry in Ontario. The Corporation provides financial assistance by making loans, guaranteeing loans, acquiring equity securities and operating industrial park facilities. It also administers certain activities on behalf of other Provincial ministries and agencies.

2. SIGNIFICANT ACCOUNTING POLICIES**(a) Transactions with the Province**

The Province's investment in the Corporation is detailed in the Statement of Investment by the Province of Ontario. In addition to the share capital, the Province contributes funds to finance the lending, investing and financial assistance activities and reimburses the Corporation for operating costs. Credit and investment losses are recorded as a reduction in advances from the Province and an increase in contributed capital.

The Province's gross investment is reduced by advances repaid, interest on funds advanced, dividends and recoveries of loan and guarantee losses.

(b) Loans receivable

Loans receivable are reported at the amount disbursed plus accrued interest, less principal repayments and amounts written off. No provision is made for doubtful loans in advance of a loan being written off.

Loans receivable include both loans made directly by the Corporation and loans administered for other Provincial ministries and agencies if the Corporation is a signatory to the loan agreement.

ONTARIO DEVELOPMENT CORPORATION

Notes to Financial Statements
March 31, 1991

(b) Loans receivable (cont'd.)

A loan is considered for write-off at the time any of the following circumstances exist:

- i) either principal or interest payments are greater than 180 days in arrears;
- ii) the loan is a restructured loan and principal or interest payments are greater than 90 days in arrears;
- iii) the loan previously has been partially written off; or
- iv) at any other time when, in management's view, the loan has suffered an impairment in value that is considered other than temporary.

Loans which meet any of the above criteria are written off unless management believes that the Corporation will recover some or all of the outstanding loan balance, in which case the loan is written down to the estimated net realizable value.

Loan losses in the Statement of Operations are net of recoveries on loans previously written off.

(c) Equity investments

Equity investments are recorded at cost less provision for losses for those investments that in management's opinion have suffered a decline in value that is other than temporary. The provision is determined by management based upon their best estimates from the most current information available.

(d) Revenue Recognition

Interest income is recognized on the accrual basis, except for certain loans administered by the Corporation that permit the borrower to defer interest payments. For those interest-deferred loans, interest that accrues during the deferred payment period is recognized in income only when received.

ONTARIO DEVELOPMENT CORPORATION

Notes to Financial Statements
March 31, 1991

(e) **Guarantees**

Guarantee expenses are recognized at the date the Corporation is requested to honour a guarantee. No provision for anticipated guarantee losses is recorded in advance of requests to honour a guarantee. Guarantee losses in the Statement of Operations are net of recoveries on guarantees previously honoured.

(f) **Fixed assets**

Industrial Parks

Fixed asset additions since the date the industrial parks were acquired by the Corporation have been capitalized in the accounts and are depreciated on a straight-line basis over the estimated useful lives of the assets at the following rates:

Buildings and improvements	5% to 20%
Equipment	20%

Other

Fixed assets for the Corporation's own use other than industrial park assets are expensed on acquisition and are included in administration expenses.

(g) **Non-consolidated subsidiaries**

The investment in three wholly-owned subsidiaries are accounted for by the equity method because of the Corporation's formal plan to dispose of the assets of those subsidiaries [see Note 6].

(h) **Administration expenses**

Administration expenses are reflected on a cash basis which is modified to allow for an additional thirty days to pay for debts incurred during the fiscal year just ended.

ONTARIO DEVELOPMENT CORPORATION

Notes to Financial Statements
March 31, 1991

3. LOANS RECEIVABLE

Loans receivable include \$37.5 million [1990 - \$48.3 million] of loans administered on behalf of other Provincial agencies and ministries.

As at March 31, 1991, 7.8% of total loans receivable are floating-rate loans, with the balance of the interest earning loans bearing fixed rates ranging from 6% to 16.5%. The weighted average interest rate on all interest bearing loans was 11.1% at March 31, 1991 [1990 - 11.0%].

The amounts of loans on which payments were past due by more than 90 days and 180 days was \$26.3 million and \$10.5 million respectively [1990 - \$14.4 million and \$6.7 million respectively].

4. EQUITY INVESTMENTS

		1991	1990
		\$	\$
		[thousands]	
ADI Diagnostics Inc.	309,969 Common	3,100	3,100
Allelix Crop Technologies Holdings Inc. (formerly 160596 Canada Inc.)	168,671 Common A 264,000 Common B	0 0	1 2,610
Allelix Biopharmaceuticals Inc. (formerly Allelix Inc.)	138,440 Common A 70,000 Common B	0 560	0 560
		3,660	6,271

ONTARIO DEVELOPMENT CORPORATION

Notes to Financial Statements
March 31, 1991

5. INDUSTRIAL PARK OPERATIONS

The Corporation owns and operates Huron Industrial Park, located near London, Ontario, and Northam Industrial Park in Cobourg, Ontario.

Results of operations of the parks for the year ended March 31:

	1991	1990
	\$	\$
	[thousands]	
Rental revenue	4,504	4,049
Interest income and other	1,929	1,313
Depreciation	(1,567)	(1,434)
Other operating expenses	(2,276)	(1,490)
Net income	2,590	2,438

Fixed assets of the industrial parks as at March 31:

	Cost	Accumulated Depreciation	1991 Net	1990 Net
	\$	\$	\$	\$
	[thousands]			
Land	341	0	341	341
Buildings and improvements	17,523	14,502	3,021	3,176
Equipment	1,363	1,212	151	208
	19,227	15,714	3,513	3,725

ONTARIO DEVELOPMENT CORPORATION

Notes to Financial Statements

March 31, 1991

6. INVESTMENT IN NON-CONSOLIDATED SUBSIDIARIES

IDEA Innovation Fund Inc., IDEA Research Investment Fund Inc. and IDEA Information Technology Fund Inc., which are wholly-owned by the Corporation are accounted for by the equity method [Note 2(g)]. Summarized combined information about the financial position and results of operations of these subsidiaries is provided below.

Financial Position, as at March 31

	1991	1990
	\$	\$
	[thousands]	
Cash	3,466	3,464
Investments	7,130	11,845
Other assets (liabilities)	18	(34)
	<u>10,614</u>	<u>15,275</u>

Represented by:

Advances from the Corporation	29,940	29,899
Capital stock	13,000	13,000
Deficit	(32,326)	(27,624)
	<u>10,614</u>	<u>15,275</u>

The advances from the Corporation are non-interest bearing with no fixed repayment terms.

ONTARIO DEVELOPMENT CORPORATION

Notes to Financial Statements
March 31, 1991

Results of Operations for the year ended March 31:

	1991	1990
	\$	\$
	[thousands]	
Gain on sale of investments	25	157
Interest and other income	18	53
	43	210
Loss on investments	4,625	2,226
Other expenses	120	220
	4,745	2,446
Net loss for the year	4,702	2,236

7. OTHER ASSETS

	1991	1990
	\$	\$
	[thousands]	
Sheridan Park land - at cost	62	62

8. GUARANTEES

The Corporation guarantees the repayment of certain loans made by private sector financial institutions to qualifying Ontario businesses. The Corporation also guarantees certain obligations of the Ontario Share and Deposit Insurance Corporation ("OSDIC"). Normally, no guarantee fees are charged to the borrowers or to the Province. Under certain of the guarantee programs, the Corporation guarantees only a portion of loans outstanding. Furthermore, if certain of the guarantees are required to be honoured, the funding to meet such obligations will be received from other ministries or agencies. At March 31, 1991, the Corporation's contingent liability and commitments under guarantees is as follows:

ONTARIO DEVELOPMENT CORPORATION

Notes to Financial Statements
March 31, 1991

8. GUARANTEES (cont'd.)

	Contingent liability under guarantees for loans advanced \$	Commitments to guarantee loans not yet advanced \$	Total contingent liability and commitments \$
		[thousands]	
New Ventures Program	64,781	5,024	69,805
OSDIC	53,750	41,250	95,000
Other Guarantees	47,395	58,440	105,835
	165,926	104,714	270,640

The accounting for guarantee losses is described in note 2(e).

9. ADVANCES

Advances from the Province are used to fund loans. The advances have no fixed maturity dates and are forgiven by the Province if the related loan receivable proves uncollectible.

Certain of the advances related to specific programs are interest free. At March 31, 1991, \$30.2 million [1990 - \$24.7 million] of advances were interest bearing, with the balance of \$43.8 million [1990 - \$53.7 million] being interest free.

ONTARIO DEVELOPMENT CORPORATION

Notes to Financial Statements
March 31, 1991

10. CREDIT AND INVESTMENT LOSSES

Credit and investment losses shown in the Statement of Operations are net of recoveries as follows:

	Loans \$	New ventures guarantees \$	Other guarantees \$
		[thousands]	
Write-downs/ guarantees honoured	18,846	18,664	9,796
Less recoveries	(1,743)	(1,653)	(801)
Net expense 1991	17,103	17,011	8,995
Net expense 1990	6,820	11,677	1,569

11. ADMINISTRATION

Administration expenses for the year ended March 31 are as follows:

	1991 \$	1990 \$
	[thousands]	
Salaries and benefits	6,679	6,277
Transportation and communication	724	453
Services	2,514	2,218
Supplies and equipment	923	1,030
Other expenses	0	177
	10,840	10,155

ONTARIO DEVELOPMENT CORPORATION

Notes to Financial Statements
March 31, 1991

11. ADMINISTRATION (cont'd.)

The Corporation provides pension benefits for all its permanent staff through participation in the Public Service Pension Fund, established by the Province. The Corporation's share of contributions to the Fund during the year was \$602,200 [1990 - \$376,900] and is included in salaries and benefits. This amount includes current contributions and additional payments required to cover the Corporation's share of the Fund's estimated unfunded liabilities on January 1, 1990. These additional payments will continue over forty years.

The Corporation had sixteen members on its Board of Directors on March 31, 1991. The remuneration of the directors for 1991 totalled \$90,313 [1990 - \$85,702].

12. COMMITMENTS AND CONTINGENCIES

(a) See Note 8 for information on guarantees.

(b) Funds committed but not disbursed as at March 31, 1991 amounted to:

	1991	1990
	\$	\$
	[thousands]	
Loans	53,225	39,509
Investments	0	1,390
	53,225	40,899

(c) A legal action claiming damages of \$4 million plus interest, which had been instituted against the Corporation and others by a former shareholder of Minaki Lodge Resort Ltd. and Minaki Development Company Limited, was dismissed by the Ontario Court of Appeal; however, the plaintiff has appealed the dismissal. In the opinion of management, the likely success of the appeal is indeterminable and accordingly, no recognition has been made in the accounts for any losses on this action. Any losses resulting from this action will be recorded as an expenditure when paid and recovered from the Province at that time.

ONTARIO DEVELOPMENT CORPORATION

PROVINCIAL AUDITOR'S REPORT

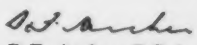
To the Ontario Development Corporation
and to the Minister of Industry, Trade and Technology.

I have audited the balance sheet of the Ontario Development Corporation as at March 31, 1991 and the statements of operations, investment by the Province of Ontario and cash flows for the year then ended. These financial statements are the responsibility of the Ontario Development Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Ontario Development Corporation as at March 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting policies described in note 2 to the financial statements.

Toronto, Ontario,
June 28, 1991.

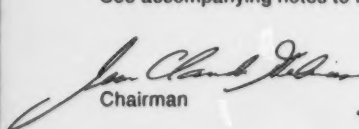
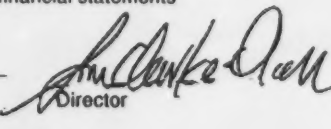

D.F. Archer, F.C.A.,
Provincial Auditor

EASTERN ONTARIO DEVELOPMENT CORPORATION

Balance Sheet
as at March 31, 1991

		1991 \$	1990 \$
		[thousands]	
ASSETS			
Loans receivable	[note 3]	44,688	44,597
Cash and short-term deposits		5,203	3,580
Accounts receivable		34	38
Total assets		49,925	48,215
LIABILITIES			
Accounts payable	-Ontario Development Corporation	103	727
	-Other	43	43
		146	770
Commitments and contingencies	[notes 4 and 8]		
INVESTMENT BY THE PROVINCE OF ONTARIO			
Contributed capital, net of distributions		14,883	11,629
Advances	[note 5]	39,198	38,611
Accumulated net (cost of) income from operations		(1,268)	165
Due from Province		(3,034)	(2,960)
		49,779	47,445
Total liabilities and investment by the Province		49,925	48,215

See accompanying notes to financial statements

 Chairman
  Director

EASTERN ONTARIO DEVELOPMENT CORPORATION

Statement of Operations
for the year ended March 31, 1991

		1991	1990
		\$	\$
		[thousands]	
REVENUE			
Interest on loans	[note 3]	2,247	2,211
Interest on short-term deposits		604	424
		2,851	2,635
EXPENSES			
Credit and investment losses (net of recoveries)	[note 6]		
Loans		2,220	1,407
Guarantees		(26)	765
Interest subsidy payments		1,043	2,041
Administration	[note 7]	1,047	918
		4,284	5,131
Net cost of operations		1,433	2,496

See accompanying notes to financial statements

EASTERN ONTARIO DEVELOPMENT CORPORATION

Statement of Investment by the Province of Ontario
for the year ended March 31, 1991

	Contributed capital \$	Advances \$	Accumulated net cost of operations \$	Due from Province \$
	[thousands]			
Balance, March 31, 1990	11,629	38,611	165	(2,960)
Interest on advances	(3,098)			
Contributions to fund				
Guarantee and other				
program costs	2,732			
Administration	1,047			
Forgiveness of advances	2,573	(2,573)		
New advances,				
net of repayments		3,160		
Net cost of operations for				
the year			(1,433)	
Net change in due from Province				(74)
Balance, March 31, 1991	14,883	39,198	(1,268)	(3,034)

See accompanying notes to financial statements

EASTERN ONTARIO DEVELOPMENT CORPORATION

Statement of Cash Flows
for the year ended March 31, 1991

	1991 \$	1990 \$
	[thousands]	
LENDING, INVESTING AND FINANCIAL ASSISTANCE ACTIVITIES		
Loan disbursements, net of collections	(2,616)	(1,376)
Interest collected from borrowers	2,330	2,319
Disbursements for guarantees honoured and guarantee interest subsidies	(1,184)	(2,868)
Cash outflow for lending, investing and financial assistance activities	(1,470)	(1,925)
FINANCING ACTIVITIES		
Interest paid on Provincial advances	(3,617)	(4,436)
Net advances	3,147	3,946
Cash contributions from the Province for:		
Lending activities	2,627	5,112
Administration	1,047	918
Net receipts from (payments to) Province for:		
Other agency loans under administration	964	(627)
Recoveries from borrowers of loan writeoffs and guarantees honoured	(234)	(749)
Other	221	(576)
Cash inflow from financing activities	4,155	3,588
OPERATING ACTIVITIES		
Interest received on short-term deposits	600	386
Administration costs	(1,047)	(918)
Other	(615)	(546)
Cash outflow for operating activities	(1,062)	(1,078)
 Increase in cash and short-term deposits	 1,623	 585
Cash and short-term deposits, beginning of year	3,580	2,995
Cash and short-term deposits, end of year	5,203	3,580

See accompanying notes to financial statements

EASTERN ONTARIO DEVELOPMENT CORPORATION

Notes to Financial Statements
March 31, 1991

1. GENERAL

The Eastern Ontario Development Corporation is incorporated under the Development Corporations Act and is a corporation without share capital. As an Ontario Crown Corporation, the Corporation is exempt from income taxes under Section 149 1(d) of the Canadian Income Tax Act.

The Corporation's objective is to encourage and assist in the development and diversification of industry in Eastern Ontario. The Corporation provides financial assistance by making and guaranteeing loans. The Corporation also administers certain activities on behalf of other Provincial ministries and agencies.

2. SIGNIFICANT ACCOUNTING POLICIES**(a) Transactions with the Province**

The Province's investment in the Corporation is detailed in the Statement of Investment by the Province of Ontario. The Province contributes funds to finance the lending and financial assistance activities and reimburses the Corporation for operating costs. Credit losses are recorded as a reduction in advances from the Province and an increase in contributed capital.

The Province's gross investment is reduced by advances repaid, interest on funds advanced and recoveries of loan and guarantee losses.

(b) Loans receivable

Loans receivable are reported at the amount disbursed plus accrued interest, less principal repayments and amounts written off. No provision is made for doubtful loans in advance of a loan being written off.

Loans receivable include both loans made directly by the Corporation and loans administered for other Provincial ministries and agencies if the Corporation is a signatory to the loan agreement.

EASTERN ONTARIO DEVELOPMENT CORPORATION

Notes to Financial Statements
March 31, 1991

(b) Loans receivable (cont'd.)

A loan is considered for write-off at the time any of the following circumstances exist:

- i) either principal or interest payments are greater than 180 days in arrears;
- ii) the loan is a restructured loan and principal or interest payments are greater than 90 days in arrears;
- iii) the loan previously has been partially written off; or
- iv) at any other time when, in management's view, the loan has suffered an impairment in value that is considered other than temporary.

Loans which meet any of the above criteria are written off unless management believes that the Corporation will recover some or all of the outstanding loan balance, in which case the loan is written down to the estimated net realizable value.

Loan losses in the Statement of Operations are net of recoveries on loans previously written off.

(c) Revenue recognition

Interest income is recognized on the accrual basis, except for certain loans administered by the Corporation that permit the borrower to defer interest payments. For those interest-deferred loans, interest that accrues during the deferred payment period is recognized in income only when received.

(d) Guarantees

Guarantee expenses are recognized at the date the Corporation is requested to honour a guarantee. No provision for anticipated guarantee losses is recorded in advance of requests to honour a guarantee. Guarantee losses in the Statement of Operations are net of recoveries on guarantees previously honoured.

EASTERN ONTARIO DEVELOPMENT CORPORATION

Notes to Financial Statements
March 31, 1991

(e) Fixed assets

Fixed assets for the Corporation's own use are expensed on acquisition and are included in administration expenses.

(f) Administration expenses

Administration expenses are reflected on a cash basis which is modified to allow for an additional thirty days to pay for debts incurred during the fiscal year just ended.

3. LOANS RECEIVABLE

Loans receivable include \$6.7 million [1990 - \$6.2 million] of loans administered on behalf of other Provincial agencies and ministries.

As at March 31, 1991, the interest-earning loans bear fixed rates ranging from 6% to 14.5%. The weighted average interest rate on all interest bearing loans was 10.9% at March 31, 1991 [1990 - 10.7%].

Loans on which payments were past due by more than 90 days and 180 days amounted to \$4.6 million and \$3.0 million respectively [1990 - \$3.1 million and \$1.9 million respectively].

4. GUARANTEES

The Corporation guarantees the repayment of certain loans made by private sector financial institutions to qualifying Ontario businesses. Normally, no guarantee fees are charged to the borrowers or to the Province. Under certain guarantee programs, the Corporation guarantees only a portion of loans outstanding. At March 31, 1991, the Corporation's total contingent liability and commitments under guarantees was \$37 million represented by \$22 million relating to guarantees for loans advanced and \$15 million relating to guarantee commitments for loans not yet advanced. The accounting for guarantee losses is described in note 2(d).

EASTERN ONTARIO DEVELOPMENT CORPORATION

Notes to Financial Statements
March 31, 1991

5. ADVANCES

Advances from the Province are used to fund loans. The advances have no fixed maturity dates and are forgiven by the Province if the related loan receivable proves uncollectible.

Certain of the advances relating to specific programs are interest free.

At March 31, 1991, \$30.2 million [1990 - \$31.5 million] of advances were interest bearing, with the balance of \$9.0 million [1990 - \$7.1 million] being interest free.

6. CREDIT AND INVESTMENT LOSSES

Credit and investment losses shown in the Statement of Operations are net of recoveries as follows:

	Loans \$	Guarantees \$
	[thousands]	
Writedowns/guarantees honoured	2,627	140
Less recoveries	(407)	(166)
<u>Net expense - 1991</u>	<u>2,220</u>	<u>(26)</u>
<u>Net expense - 1990</u>	<u>1,407</u>	<u>765</u>

EASTERN ONTARIO DEVELOPMENT CORPORATION

Notes to Financial Statements
March 31, 1991

7. ADMINISTRATION

Administration expenses for the year ended March 31 are as follows:

	1991	1990
	\$	\$
	[thousands]	
Salaries and benefits	784	564
Transportation and communication	168	140
Services	79	115
Supplies and equipment	16	99
	1,047	918

The Corporation provides pension benefits for all its permanent staff through participation in the Public Service Pension Fund, established by the Province of Ontario. The Corporation's share of contributions to the Fund during the year was \$68,100 [1990 - \$34,100] and is included in salaries and benefits. This amount includes current contributions and additional payments required to cover the Corporation's share of the Fund's estimated unfunded liabilities on January 1, 1990. These additional payments will continue over forty years.

The Corporation had eleven members on the Board of Directors on March 31, 1991. The remuneration of the directors for 1991 totalled \$40,150 [1990 - \$55,950].

8. COMMITMENTS AND CONTINGENCIES

- (a) See Note 4 for information on guarantees.
- (b) Loans committed but not disbursed as at March 31, 1991 amounted to \$11.1 million [1990 - \$8.3 million].

EASTERN ONTARIO DEVELOPMENT CORPORATION

PROVINCIAL AUDITOR'S REPORT

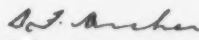
To the Eastern Ontario Development Corporation
and to the Minister of Industry, Trade and Technology.

I have audited the balance sheet of the Eastern Ontario Development Corporation as at March 31, 1991 and the statements of operations, investment by the Province of Ontario and cash flows for the year then ended. These financial statements are the responsibility of the Eastern Ontario Development Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Eastern Ontario Development Corporation as at March 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting policies described in note 2 to the financial statements.

Toronto, Ontario,
June 28, 1991.


D.F. Archer, F.C.A.,
Provincial Auditor

NORTHERN ONTARIO DEVELOPMENT CORPORATION

Balance Sheet
as at March 31, 1991

		1991 \$	1990 \$
		[thousands]	
ASSETS			
Loans receivable	[note 3]	67,062	65,572
Cash and short-term deposits		5,273	10,243
Accounts receivable		38	56
Other assets	[note 4]	250	254
Total assets		72,623	76,125
LIABILITIES			
Accounts payable	-Ontario Development Corporation	4,651	4,776
Commitments and contingencies	[notes 5 and 9]		
INVESTMENT BY THE PROVINCE OF ONTARIO			
Contributed capital, net of distributions		19,382	16,977
Advances	[note 6]	62,342	65,462
Accumulated net cost of operations		(9,845)	(8,294)
Due from Province		(3,907)	(2,796)
		67,972	71,349
Total liabilities and investment by the Province		72,623	76,125

See accompanying notes to financial statements

Robert Clarke
Chairman

Michael Hae
Director

NORTHERN ONTARIO DEVELOPMENT CORPORATION

Statement of Operations
for the year ended March 31, 1991

		1991 \$	1990 \$
		[thousands]	
REVENUE			
Interest on loans	[note 3]	2,918	3,125
Interest on short-term deposits		991	852
Other income		0	213
		3,909	4,190
EXPENSES			
Credit and investment losses (net of recoveries)	[note 7]		
Loans		2,438	2,606
Guarantees		668	2,451
Interest subsidy payments		748	936
Administration	[note 8]	1,606	1,230
		5,460	7,223
Net cost of operations		1,551	3,033

See accompanying notes to financial statements

NORTHERN ONTARIO DEVELOPMENT CORPORATION

Statement of Investment by the Province of Ontario
for the year ended March 31, 1991

	Contributed capital \$	Advances \$	Accumulated net cost of operations \$	Due from Province \$
	[thousands]			
Balance, March 31, 1990	16,977	65,462	(8,294)	(2,796)
Interest on advances	(4,382)			
Contributions to fund				
Guarantee and other program costs	2,705			
Administration	1,606			
Forgiveness of advances	2,476	(2,476)		
New advances, net of repayments		(644)		
Net cost of operations for the year			(1,551)	
Net change in due from Province				(1,111)
Balance, March 31, 1991	19,382	62,342	(9,845)	(3,907)

See accompanying notes to financial statements

NORTHERN ONTARIO DEVELOPMENT CORPORATION

Statement of Cash Flows
for the year ended March 31, 1991

	1991 \$	1990 \$
	[thousands]	
LENDING, INVESTING AND FINANCIAL ASSISTANCE ACTIVITIES		
Loan disbursements, net of collections	(4,058)	(7,161)
Interest collected from borrowers	3,047	3,172
Disbursements for guarantees honoured and guarantee interest subsidies	(1,416)	(3,387)
Cash outflow for lending, investing and financial assistance activities	(2,427)	(7,376)
FINANCING ACTIVITIES		
Interest paid on Provincial advances	(4,996)	(6,105)
Net advances (repayments)	(2,568)	13,886
Cash contributions from the Province for:		
Lending activities	3,123	3,737
Administration	1,606	1,230
Net receipts from (payments to) Province for:		
Other agency loans under administration	1,705	(490)
Recoveries from borrowers of loan writeoffs and guarantees honoured	71	(464)
Other	(765)	1,787
Cash inflow (outflow) from financing activities	(1,824)	13,581
OPERATING ACTIVITIES		
Interest received on short-term deposits	1,009	796
Administration costs	(1,606)	(1,230)
Proceeds on sale of assets	0	336
Other	(122)	2,159
Cash inflow (outflow) for operating activities	(719)	2,061
Increase (decrease) in cash and short-term deposits	(4,970)	8,266
Cash and short-term deposits, beginning of year	10,243	1,977
Cash and short-term deposits, end of year	5,273	10,243

See accompanying notes to financial statements

NORTHERN ONTARIO DEVELOPMENT CORPORATION

Notes to Financial Statements
March 31, 1991

1. GENERAL

The Northern Ontario Development Corporation is incorporated under the Development Corporations Act and is a corporation without share capital. As an Ontario Crown Corporation, the Corporation is exempt from income taxes under Section 149 1(d) of the Canadian Income Tax Act.

The Corporation's objective is to encourage and assist in the development and diversification of industry in Northern Ontario. The Corporation provides financial assistance by making and guaranteeing loans. The Corporation also administers certain activities on behalf of other Provincial ministries and agencies.

2. SIGNIFICANT ACCOUNTING POLICIES**(a) Transactions with the Province**

The Province's investment in the Corporation is detailed in the Statement of Investment by the Province of Ontario. The Province contributes funds to finance the lending and financial assistance activities and reimburses the Corporation for operating costs. Credit losses are recorded as a reduction in advances from the Province and an increase in contributed capital.

The Province's gross investment is reduced by advances repaid, interest on funds advanced and recoveries of loan and guarantee losses.

(b) Loans receivable

Loans receivable are reported at the amount disbursed plus accrued interest, less principal repayments and amounts written off. No provision is made for doubtful loans in advance of a loan being written off.

Loans receivable include both loans made directly by the Corporation and loans administered for other Provincial ministries and agencies if the Corporation is a signatory to the loan agreement.

NORTHERN ONTARIO DEVELOPMENT CORPORATION

Notes to Financial Statements
March 31, 1991

(b) Loans receivable (cont'd.)

A loan is considered for write-off at the time any of the following circumstances exist:

- i) either principal or interest payments are greater than 180 days in arrears;
- ii) the loan is a restructured loan and principal or interest payments are greater than 90 days in arrears;
- iii) the loan previously has been partially written off; or
- iv) at any other time when, in management's view, the loan has suffered an impairment in value that is considered other than temporary.

Loans which meet any of the above criteria are written off unless management believes that the Corporation will recover some or all of the outstanding loan balance, in which case the loan is written down to the estimated net realizable value.

Loan losses in the Statement of Operations are net of recoveries on loans previously written off.

(c) Revenue recognition

Interest income is recognized on the accrual basis, except for certain loans administered by the Corporation that permit the borrower to defer interest payments. For those interest-deferred loans, interest that accrues during the deferred payment period is recognized in income only when received.

(d) Guarantees

Guarantee expenses are recognized at the date the Corporation is requested to honour a guarantee. No provision for anticipated guarantee losses is recorded in advance of requests to honour a guarantee. Guarantee losses in the Statement of Operations are net of recoveries on guarantees previously honoured.

NORTHERN ONTARIO DEVELOPMENT CORPORATION

Notes to Financial Statements
March 31, 1991

(e) Fixed assets

Fixed assets for the Corporation's own use are expensed on acquisition and are included in administration expenses.

(f) Administration expenses

Administration expenses are reflected on a cash basis which is modified to allow for an additional thirty days to pay for debts incurred during the fiscal year just ended.

3. LOANS RECEIVABLE

Loans receivable include \$17.4 million [1990 - \$16.2 million] of loans administered on behalf of other Provincial agencies and ministries.

As at March 31, 1991, the interest earning loans bear fixed-rates ranging from 6% to 16.5%. The weighted average interest rate on all loans was 11.0% at March 31, 1991 [1990 - 10.2%].

Loans on which payments were past due by more than 90 days and 180 days amounted to \$8.0 million and \$3.7 million respectively [1990 - \$5.6 million and \$2.5 million respectively].

4. OTHER ASSETS

	1991	1990
	\$	\$
	[thousands]	
Assets acquired through loan foreclosure (at the lower of cost and estimated realizable value)		
Shares	250	250
Other	0	4
	250	254

NORTHERN ONTARIO DEVELOPMENT CORPORATION

Notes to Financial Statements
March 31, 1991

5. GUARANTEES

The Corporation guarantees the repayment of certain loans made by private sector financial institutions to qualifying Ontario businesses. Normally, no guarantee fees are charged to the borrowers or to the Province. Under certain guarantee programs, the Corporation guarantees only a portion of loans outstanding. Furthermore, if certain of the guarantees are required to be honoured, the funding to meet such obligations will be received from other ministries or agencies. At March 31, 1991, the Corporation's total contingent liability and commitments under guarantees was \$132.6 million represented by \$35.1 million relating to guarantees for loans advanced and \$97.5 million relating to guarantee commitments for loans not yet advanced. Included in guarantee commitments is \$70 million related to the James River Marathon project. The accounting for guarantee losses is described in note 2(d).

6. ADVANCES

Advances from the Province are used to fund loans. The advances have no fixed maturity dates and are forgiven by the Province if the related loan receivable proves uncollectible.

Certain of the advances relating to specific programs are interest free.

At March 31, 1991, \$43.0 million [1990 - \$43.7 million] of advances were interest bearing, with the balance of \$19.3 million [1990 - \$21.8 million] being interest free.

7. CREDIT AND INVESTMENT LOSSES

Credit and investment losses shown in the Statement of Operations are net of recoveries as follows:

	Loans \$	Guarantees \$
	[thousands]	
Writedowns/guarantees honoured	2,834	668
Less recoveries	(396)	0
Net expense - 1991	2,438	668
Net expense - 1990	2,606	2,451

NORTHERN ONTARIO DEVELOPMENT CORPORATION

Notes to Financial Statements
March 31, 1991

8. ADMINISTRATION

Administration expenses for the year ended March 31 are as follows:

	1991	1990
	\$	\$
	[thousands]	
Salaries and benefits	1,117	767
Transportation and communication	274	212
Services	113	190
Supplies and equipment	102	61
	1,606	1,230

The Corporation provides pension benefits for all its permanent staff through participation in the Public Service Pension Fund, established by the Province of Ontario. The Corporation's share of contributions to the Fund during the year was \$93,100 [1990 - \$44,400] and is included in salaries and benefits. This amount includes current contributions and additional payments required to cover the Corporation's share of the Fund's estimated unfunded liabilities on January 1, 1990. These additional payments will continue over forty years.

The Corporation had thirteen members on the Board of Directors on March 31, 1991. The remuneration of the directors for 1991 totalled \$48,600 [1990 - \$55,500].

9. COMMITMENTS AND CONTINGENCIES

- (a) See Note 5 for information on guarantees.
- (b) Loans committed but not disbursed as at March 31, 1991 amounted to \$15.6 million [1990 - \$8.0 million].
- (c) A legal action claiming damages of \$4 million plus interest, which had been instituted against the Corporation and others by a former shareholder of Minaki Lodge Resort Ltd. and Minaki Development Company Limited, was dismissed by the Ontario Court of Appeal; however, the plaintiff has appealed the dismissal. In the opinion of management, the likely success of the appeal

NORTHERN ONTARIO DEVELOPMENT CORPORATION

Notes to Financial Statements
March 31, 1991

9. COMMITMENTS AND CONTINGENCIES (cont'd.)

is indeterminable and accordingly, no recognition has been made in the accounts for any losses on this action. Any losses resulting from this action will be recorded as an expenditure when paid and recovered from the Province at that time.

PROVINCIAL AUDITOR'S REPORT

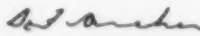
To the Northern Ontario Development Corporation
and to the Minister of Industry, Trade and Technology.

I have audited the balance sheet of the Northern Ontario Development Corporation as at March 31, 1991 and the statements of operations, investment by the Province of Ontario and cash flows for the year then ended. These financial statements are the responsibility of the Northern Ontario Development Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Northern Ontario Development Corporation as at March 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting policies described in note 2 to the financial statements.

Toronto, Ontario,
June 28, 1991.


D.F. Archer, F.C.A.,
Provincial Auditor

INNOVATION ONTARIO CORPORATION

Balance Sheet
as at March 31, 1991

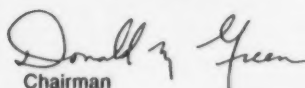
	1991	1990
	\$	\$
	[thousands]	
ASSETS		
Equity and royalty investments [note 3]	16,432	12,276
Loans receivable	188	208
	16,620	12,484
Cash and short-term deposits (net)	647	1,104
Accounts receivable	49	22
Total assets	17,316	13,610

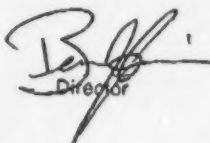
Commitments [note 6]

INVESTMENT BY THE PROVINCE OF ONTARIO

Contributed capital, net of distributions	38,798	28,595
Accumulated net cost of operations	(19,778)	(14,478)
Due from Province	(1,704)	(507)
Total investment by the Province	17,316	13,610

See accompanying notes to financial statements


 Chairman


 Director

INNOVATION ONTARIO CORPORATION

Statement of Operations
for the year ended March 31, 1991

	1991	1990
	\$	\$
	[thousands]	
REVENUE		
Royalty income	30	18
Interest on short-term deposits	146	52
Gain on sale of equity investments	110	170
Sale of technology royalty investments	0	38
	286	278
EXPENSES		
Provision for investment losses [note 4]	3,321	3,163
Administration [note 5]	1,680	1,710
Technology royalty investments [note 2c]	585	766
	5,586	5,639
Net cost of operations	5,300	5,361

See accompanying notes to financial statements

INNOVATION ONTARIO CORPORATION

Statement of Investment by the Province of Ontario
for the year ended March 31, 1991

	Contributed capital \$	Advances \$	Accumulated net cost of operations \$	Due from Province \$
	[thousands]			
Balance, March 31, 1990	28,595	0	(14,478)	(507)
Contributions to fund				
Investments	7,938			
Technology royalty investments	585			
Administration	1,680			
Net cost of operations for the year			(5,300)	
Net change in due from Province				(1,197)
Balance, March 31, 1991	38,798	0	(19,778)	(1,704)

See accompanying notes to financial statements

INNOVATION ONTARIO CORPORATION

Statement of Cash Flows
for the year ended March 31, 1991

	1991 \$	1990 \$
	[thousands]	
LENDING, INVESTING AND FINANCIAL ASSISTANCE ACTIVITIES		
Loan repayments (disbursements)	20	(20)
Disbursements for equity investments	(7,938)	(4,951)
Proceeds on sale of investments	571	407
Technology royalty investments	(585)	(766)
Royalty income received	30	18
Cash outflow for lending and investing activities	(7,902)	(5,312)
FINANCING ACTIVITIES		
Cash contributions from the Province for:		
Equity and royalty investments	8,523	6,258
Lending activities and administration	1,680	1,745
Other	(1,197)	158
Cash inflow from financing activities	9,006	8,161
OPERATING ACTIVITIES		
Interest received on short-term deposits	146	52
Administration costs	(1,680)	(1,710)
Other	(27)	0
Cash outflow for operating activities	(1,561)	(1,658)
Increase (decrease) in cash	(457)	1,191
Cash (indebtedness), beginning of year	1,104	(87)
Cash, end of year	647	1,104

See accompanying notes to financial statements

INNOVATION ONTARIO CORPORATION

Notes to Financial Statements
March 31, 1991

1. OPERATIONS OF THE CORPORATION

Innovation Ontario Corporation was incorporated by regulation under the Development Corporations Act on June 26, 1986. As an Ontario Crown Corporation, the Corporation is exempt from income taxes under Section 149 1(d) of the Canadian Income Tax Act.

The Corporation was created to stimulate economic development by providing financial support and management assistance for high risk start-ups in new technology-based industries in Ontario. The financial assistance provided by the Corporation is through equity investments or quasi-equity investments such as convertible debentures and royalty arrangements.

2. SIGNIFICANT ACCOUNTING POLICIES**(a) Transactions with the Province**

The Province's investment in the Corporation is detailed in the Statement of Investment by the Province of Ontario. The Province contributes funds to finance the equity investments, technology royalty investments, loan and other program expenses and reimburses the Corporation for operating and investment losses.

The Province's gross investment is reduced by advances repaid, interest on funds advanced, dividends and recoveries of loan and guarantee losses.

(b) Equity investments

Equity investments are recorded at cost less provision for losses for those investments that in management's opinion have incurred an other than temporary decline in value. The provision is determined by management based upon their best estimates from the most current information available to them. Establishing the value of an early stage investment, when there is no existing market for the shares, is very difficult. As such, if a provision for loss is made with respect to a specific investment, the provision would normally be for the full cost of the investment.

INNOVATION ONTARIO CORPORATION

Notes to Financial Statements
March 31, 1991

(c) Technology royalty investments

In specific instances, the Corporation will make an investment using a royalty arrangement rather than the purchase of equity. Given the uncertain nature, both with respect to timing and magnitude of future royalties, royalty investments are expensed as incurred.

(d) Fixed assets

Fixed assets for the Corporation's own use are expensed on acquisition and are included in administration expenses.

(e) Administration expenses

Administration expenses are recorded on a cash basis which is modified to allow for an additional thirty days to pay for debts incurred during the fiscal year just ended.

3. EQUITY AND ROYALTY INVESTMENTS

	Number of investees	1991 \$	1990 \$
		[thousands]	
Common shares	110	15,832	11,426
Preferred shares	5	600	850
Technology royalty investments	62	0	0
	177	16,432	12,276

The accumulated total disbursements related to technology royalty investments as at March 31, 1991 was \$3,585,000 [1990 - \$3,000,000].

INNOVATION ONTARIO CORPORATION

Notes to Financial Statements
March 31, 1991

4. PROVISION FOR INVESTMENT LOSSES

Investment losses shown in the Statement of Operations are as follows:

	Loans \$	Investments \$	Total \$
		[thousands]	
1991	0	3,321	3,321
1990	250	2,913	3,163

5. ADMINISTRATION

	1991 \$	1990 \$
		[thousands]
Salaries and benefits	1,119	1,055
Transportation and communication	127	139
Services	415	453
Supplies and equipment	19	63
	1,680	1,710

The Corporation provides pension benefits for all its permanent staff through participation in the Public Service Pension Fund, established by the Province of Ontario. The Corporation's share of contributions to the Fund during the year was \$45,400 [1990 - \$58,200] representing the total obligation of the Corporation and is included in salaries and benefits. This amount includes current contributions and additional payments required to cover the Corporation's share of the Fund's estimated unfunded liabilities on January 1, 1990. These additional payments will continue over forty years.

The Corporation had fourteen members on the Board of Directors on March 31, 1991. The remuneration of the directors for 1991 totalled \$58,675 [1990 - \$40,175].

INNOVATION ONTARIO CORPORATION

Notes to Financial Statements
March 31, 1991

6. COMMITMENTS

Funds committed but not disbursed as at March 31, 1991 amounted to:

	1991	1990
	\$	\$
	[thousands]	
Equity investments	870	533
Technology royalty investments	30	162
	900	695

PROVINCIAL AUDITOR'S REPORT

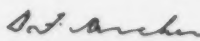
To the Innovation Ontario Corporation
and to the Minister of Industry, Trade and Technology.

I have audited the balance sheet of the Innovation Ontario Corporation as at March 31, 1991 and the statements of operations, investment by the Province of Ontario and cash flows for the year then ended. These financial statements are the responsibility of the Innovation Ontario Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Innovation Ontario Corporation as at March 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting policies described in note 2 to the financial statements.

Toronto, Ontario,
June 28, 1991.


D.F. Archer, F.C.A.,
Provincial Auditor

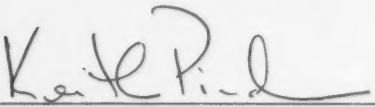
FARM INCOME STABILIZATION COMMISSION OF ONTARIO

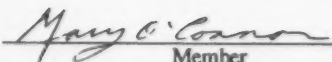
Balance Sheet
as at March 31, 1991

	Assets	1991 (\$000's)	1990 (\$000's)
Cash		<u>16,138</u>	<u>8,437</u>
	Liabilities		
Farmers' enrolment fees (note 4)		-	64
Government subsidies (note 4)		<u>16,138</u>	<u>8,373</u>
		<u>16,138</u>	<u>8,437</u>

See accompanying notes to financial statements.

On behalf of the Commission:


Chairman


Member

FARM INCOME STABILIZATION COMMISSION OF ONTARIO

Statement of Receipts and Disbursements
for the year ended March 31, 1991

	1991 (\$000's)	1990 (\$000's)
Receipts:		
Farmers' enrolment fees (note 4)		
including interest income	2,537	328
Subsidies from Province of Ontario (note 3)	12,335	-
Administrative expenses paid by Province (note 2)	2,372	2,001
Interest income	<u>517</u>	<u>774</u>
	<u>17,761</u>	<u>3,103</u>
Disbursements:		
Stabilization payments	7,611	654
Refunds of farmers' enrolment fees including interest income (note 4)	77	2,333
Administrative expenses (note 2)	<u>2,372</u>	<u>2,001</u>
	<u>10,060</u>	<u>4,988</u>
Surplus/(deficiency) of receipts over disbursements	7,701	(1,885)
Cash, beginning of year	<u>8,437</u>	<u>10,322</u>
Cash, end of year	<u><u>16,138</u></u>	<u><u>8,437</u></u>

See accompanying notes to financial statements.

FARM INCOME STABILIZATION COMMISSION OF ONTARIO

Notes to Financial Statements
March 31, 1991

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared by management using the modified cash basis of accounting. Under this modified cash basis, revenue is recorded when received and expenses are recorded when paid, except at the fiscal year end when an additional 30 days are allowed to record both payments for goods and services and to record receipt of government subsidies pertaining to the fiscal year just ended.

2. ADMINISTRATIVE EXPENSES

Salaries, benefits and other administrative expenses of the Commission are absorbed by the Ministry of Agriculture and Food and are included in the statement of receipts and disbursements. Details are as follows:

	1991 (\$000's)	1990 (\$000's)
Salaries and benefits	1,284	1,000
Transportation and communication	58	72
Services	695	825
Supplies and equipment	<u>335</u>	<u>104</u>
Total expenses reimbursed by the Province	<u>2,372</u>	<u>2,001</u>

3. FARM INCOME STABILIZATION PLANS

By regulation under the Farm Income Stabilization Act, Ontario has voluntary farm income stabilization plans for the following commodities: grain (corn, soybeans, white beans, winter wheat, barley, oats, and canola), and fresh market potatoes. These voluntary plans are designed to stabilize the income of Ontario farmers in periods of low market prices.

Stabilization support payments are also made by the Federal Government. Federal stabilization support payments are made for the difference between the current market price and 90 per cent of the five-year average market price as adjusted for cash costs of production. The Provincial plan supplements the Federal plan on the same basis, and allows the farmers to earn another five percentage points up to a maximum of 95 per cent. One-third of the cost of this additional benefit is borne by the farmer, with the remaining two-thirds made as stabilization support payments by the Province.

4. ENROLMENT FEES

Under the three-year plans in effect up to the end of the 1987 crop year, the farmers were required to deposit enrolment fees with the Commission at the beginning of the plans. Such enrolment fees were based on the estimates of production expected in the ensuing year. These enrolment fees plus any interest earned were carried forward each year and were refunded at the end of the plans.

For the new plans commenced in the 1988-89 fiscal year, the farmers were no longer required to deposit enrolment fees. These fees are deducted at the time of stabilization support payments. The Province pays the stabilization support payments as claims are submitted by the farmers enrolled in the plans.

FARM INCOME STABILIZATION COMMISSION OF ONTARIO

Notes to Financial Statements
March 31, 1991

5. REMUNERATION OF APPOINTEES

Total remuneration of the members of the Commission was \$1,906 during the 1991 fiscal year (1990 - \$1,977).

6. COMPARATIVE FIGURES

Comparative figures have been reclassified where necessary to conform with the current year's presentation.

PROVINCIAL AUDITOR'S REPORT

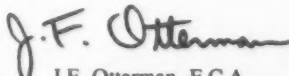
To the Farm Income Stabilization Commission of Ontario
and to the Minister of Agriculture and Food.

I have audited the balance sheet of the Farm Income Stabilization Commission of Ontario as at March 31, 1991 and the statement of receipts and disbursements for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 1991 and its receipts and disbursements for the year then ended in accordance with the accounting policies described in note 1 to the financial statements.

Toronto, Ontario,
June 21, 1991.


J.F. Otterman, F.C.A.,
Assistant Provincial Auditor

LIQUOR CONTROL BOARD OF ONTARIO

Balance Sheet
as at March 31, 1991

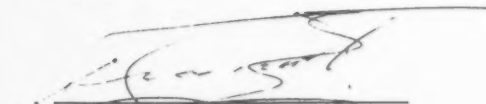
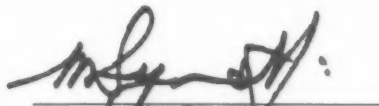
Assets	1991 (\$000's)	1990 (\$000's)
Current		
Cash and short-term investments	55,648	14,066
Accounts receivable, trade and others	16,391	3,661
Inventories, at cost	157,250	200,411
Prepaid expenses	<u>1,923</u>	<u>1,614</u>
	<u>231,212</u>	<u>219,752</u>

Liabilities and Retained Income

Current		
Accounts payable and accrued liabilities	116,677	98,024
Retained income	<u>114,535</u>	<u>121,728</u>
	<u>231,212</u>	<u>219,752</u>

See accompanying notes to financial statements.

Approved:


Chairman
Vice President,
Finance and Administration

LIQUOR CONTROL BOARD OF ONTARIO

Statement of Income and Retained Income
year ended March 31, 1991

	1991 (\$000's)	1990 (\$000's)
Sales and other income	<u>1,936,710</u>	<u>2,006,975</u>
Costs and expenses		
Cost of sales	977,861	1,024,352
Retail stores and marketing	216,330	210,560
Administration	43,319	38,161
Warehousing and distribution	26,642	26,679
Fixed assets	<u>29,751</u>	<u>23,784</u>
	<u>1,293,903</u>	<u>1,323,536</u>
Net income for the year	642,807	683,439
Retained income, beginning of year	<u>121,728</u>	<u>78,289</u>
	764,535	761,728
Deduct payments to the Treasurer of Ontario on account of net income	<u>650,000</u>	<u>640,000</u>
Retained income, end of year	<u>114,535</u>	<u>121,728</u>

See accompanying notes to financial statements.

LIQUOR CONTROL BOARD OF ONTARIO

Notes to Financial Statements
March 31, 1991

1. SIGNIFICANT ACCOUNTING POLICY

The Board's financial statements are prepared in accordance with generally accepted accounting principles except for fixed assets which are written off to operations at the time of acquisition.

2. INSURANCE

The Board follows the policy of self-insuring its store assets for property damage such as fire, water, vandalism or theft. All other material assets are insured by insurance companies.

3. LEASE COMMITMENTS

The Board is committed under operating leases on leased premises with future minimum rental payments due as follows:

	(\$000's)
1992	20,146
1993	16,204
1994	12,975
1995	10,586
1996	7,863
Thereafter	<u>11,932</u>
	<u>79,706</u>

4. PENSION PLAN

The Board provides pension benefits for its permanent employees through participation in the Public Service Pension Fund established by the Province of Ontario. The Board's share of contributions to the Fund during the year was \$15,076,861 (1990 - \$10,192,654). This amount includes current contributions and additional payments required to cover the Board's share of the Fund's estimated unfunded liabilities on January 1, 1990. These additional payments will continue over the next forty years.

5. CONTINGENT LIABILITY

Legal action has been taken against the Board by a major airline contesting the Board's right to collect mark-up on any liquor which is imported into Ontario by the airline. The outcome of this action and the amounts involved are not determinable. Judgement, if any, against the Board will be accounted for as a prior period adjustment in the year the claim is resolved.

LIQUOR CONTROL BOARD OF ONTARIO

PROVINCIAL AUDITOR'S REPORT

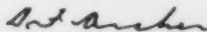
To the Liquor Control Board of Ontario and
to the Minister of Consumer and Commercial Relations.

I have audited the balance sheet of the Liquor Control Board of Ontario as at March 31, 1991 and the statement of income and retained income for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 1991 and the results of its operations for the year then ended in accordance with the accounting policy described in note 1 to the financial statements.

Toronto, Ontario,
July 19, 1991.



D.F. Archer, F.C.A.,
Provincial Auditor

NIAGARA PARKS COMMISSION

STATEMENT 1

EXPOSÉ 1

Balance Sheet
as at October 31, 1990

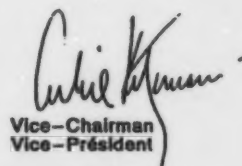
Bilan en date
du octobre 31, 1990

	1990 \$	1989 \$	
CURRENT ASSETS			ACTIF DISPONIBLE
Cash	1,535,587	1,674,118	Caisses et banques
Temporary investments - at cost which approximates market value	1,498,805	7,856,453	Investissements temporaires - à un coût proche de celui de la valeur vénale
Accounts Receivable			Comptes recevables
Land Rent	1,333,601	1,291,627	Location de terrain
Sundry	430,792	878,258	Divers
Inventories			Inventaires
Saleable merchandise	2,255,744	2,338,148	Marchandises vendables
Maintenance and other supplies	555,430	478,398	Entretien et autres fournitures
Prepaid Expenses	124,628	181,095	Dépenses payées d'avance
	7,734,587	14,698,097	
FUNDS FOR CAPITAL PROGRAM	-	4,250,624	FONDS POUR PROGRAMMES D'INVESTISSEMENTS
FIXED - Note 1	69,736,010	55,841,242	IMMOBILISÉ - note 1
	77,470,597	74,789,963	
CURRENT LIABILITIES			PASSIF
Accounts payable	3,087,742	3,905,172	Comptes payables
Accrued payroll	1,562,250	594,405	Salaires accumulés
	4,649,992	4,499,577	
EQUITY			FONDS
EQUITY (Statement 2)	72,820,605	70,290,386	FONDS (Exposé 2)
	77,470,597	74,789,963	

See accompanying notes to financial statements.
Voir notes accompagnant les états financiers.

On behalf of the Commission:
Au nom de la Commission:


Chairman
Président


Vice-Chairman
Vice-Président

NIAGARA PARKS COMMISSION

STATEMENT 2

Statement of Equity

for the year ended October 31, 1990

EXPOSÉ 2

État des fonds

pour l'année se terminant le 31 octobre 1990

	1990 \$	1989 \$	
EQUITY, BEGINNING OF YEAR	70,290,386	64,733,582	SOLDE - EN DÉBUT D'ANNÉE
NET INCOME FOR THE YEAR - (Statement 3)	2,530,219	5,556,804	REVENUS NETS POUR L'ANNÉE (EXPOSÉ 3)
EQUITY, END OF YEAR	72,820,605	70,290,386	SOLDE - EN FIN D'ANNÉE

See accompanying notes to financial
statements

Voir notes accompagnant les états financiers

NIAGARA PARKS COMMISSION

STATEMENT 3

Statement of Operations

for the year ended October 31, 1990

EXPOSÉ 3

État des exploitations

pour l'année se terminant le 31 octobre 1990

	1990 \$	1989 \$	
INCOME			REVENUS
Land rent	4,219,918	4,054,904	Location des terrains
Commissions, rentals and fees	1,183,984	1,059,029	Commissions, bails et honoraires
Net income from gift shops, restaurants and attractions, exclusive of any portion of the administrative overhead of the Commission			Revenus nets des boutiques de souvenirs, restaurants et attractions, excluant toute partie de frais généraux d'administration de la Commission
- Schedule 1	11,435,282	12,402,574	- Annexe 1
Sundry income	27,928	25,813	Revenus divers
Premium on United States funds - net	317,031	302,139	Prime sur les fonds américains - net
Interest	536,400	1,297,223	Intérêts
	17,720,543	19,141,682	
EXPENSES			DÉPENSES
Maintenance expenses	10,572,465	9,615,401	Frais d'entretien
Administrative and general expenses	2,830,380	2,624,014	Frais administratifs et généraux
Advertising and public relations	354,432	243,426	Publicité et relations publiques
Bank charges and interest	28,263	18,696	Frais bancaires et intérêts
Loan interest	81,104	-	
Loss on disposal of fixed assets - net	73,493	58,346	Pertes sur la liquidation d'immobilisations
	13,940,137	12,559,883	
NET INCOME FOR THE YEAR BEFORE DEPRECIATION OF NON-INCOME PRODUCING ASSETS	3,780,406	6,581,799	REVENUS NETS POUR L'ANNÉE AVANT L'AMORTISSEMENT SUR LES ACTIFS (NON PRODUCTEURS)
DEPRECIATION OF NON-INCOME PRODUCING ASSETS	1,250,187	1,024,995	AMORTISSEMENT SUR LES ACTIFS (NON PRODUCTEURS)
NET INCOME FOR THE YEAR	2,530,219	5,556,804	REVENUS NETS POUR L'ANNÉE

See accompanying notes to financial statements

Voir notes accompagnant les états financiers

NIAGARA PARKS COMMISSION

STATEMENT 4

EXPOSÉ 4

Statement of Changes in Financial Position
for the year ended October 31, 1990

État des changements de situation financière
pour l'année se terminant le 31 octobre 1990

	1990 \$	1989 \$	
OPERATING ACTIVITIES			ACTIVITÉS D'EXPLOITATION
Cash from operations			Compant des exploitations
Net income for the year	2,530,219	5,556,804	Revenu net pour l'année
Charges against income not requiring an outlay of funds			Charges contre le revenu n'exigeant aucun frais
• depreciation	2,994,375	2,662,048	• amortissement
• loss on disposal of fixed assets – net	73,493	58,346	• perte sur liquidation d'immobilisations – net
	5,598,087	8,277,198	
Net change in non-cash working capital balances related to operations	617,746	212,329	Changement net sur les ba- lances de fonds de roulement se rapportant aux exploitations
Funds provided by operating activities	6,215,833	8,489,527	Fonds des activités d'exploitation
INVESTING ACTIVITIES			INVESTISSEMENTS
Purchase of fixed assets	(17,027,577)	(14,633,812)	Achat d'immobilisations
Proceeds on sale of fixed assets	64,941	101,501	Produits sur la vente d'immobilisations
Funds for capital program	4,250,624	4,653,144	Fonds pour programmes d'investissements
Funds used for investing activities	(12,712,012)	(9,879,167)	Fonds utilisés envers les investissements
DECREASE IN CASH	(6,496,179)	(1,389,640)	DIMINUTION DE CAPITAL
CASH, BEGINNING OF YEAR	9,530,571	10,920,211	CAPITAL, EN DÉBUT D'ANNÉE
CASH, END OF YEAR	3,034,392	9,530,571	CAPITAL, EN FIN D'ANNÉE
CASH			CAPITAL
Cash	1,535,587	1,674,118	Comptant
Temporary investments	1,498,805	7,856,453	Investissements temporaires
	3,034,392	9,530,571	

See accompanying notes to financial
statements

Voir notes accompagnant les états financiers

NIAGARA PARKS COMMISSION

SCHEDULE 1

Gift Shops, Restaurants and Attractions
Schedule of Operations

for the year ended October 31, 1990

ANNEXE 1

Boutiques de souvenirs, restaurants et attractions
État des exploitations

pour l'année se terminant le 31 octobre 1990

	1990 \$	1989 \$	
INCOME			REVENUS
Souvenirs, china and post cards	15,540,677	16,664,631	Souvenirs, porcelaines et cartes postales
Food and refreshments	10,482,492	10,580,404	Nourriture et rafraîchissements
Beer, liquor and wine	1,400,866	1,316,407	Bières, boissons alcoolisées et vins
Confectionery and tobacco	835,649	820,465	Friandises et tabac
Fares and admissions	9,730,951	9,408,391	Billets d'autobus et d'entrée
Rentals	500,973	395,916	Locations
Sundry	1,044,482	654,813	Divers
	39,536,090	39,841,027	
COST OF GOODS SOLD			COÛT DES MARCHANDISES VENDUES
Souvenirs, china and post cards	7,076,216	7,661,589	Souvenirs, porcelaines et cartes postales
Food and refreshments	2,990,260	2,866,042	Nourriture et rafraîchissements
Beer, liquor and wine	406,684	418,060	Bières, boissons alcoolisées et vins
Confectionery and tobacco	440,756	428,835	Friandises et tabac
Sundry	170,388	158,718	Divers
	11,084,304	11,533,244	
GROSS PROFIT	28,451,786	28,307,783	PROFITS BRUTS
OPERATING EXPENSES			FRAIS D'EXPLOITATION
Salaries and wages	7,882,520	7,290,963	Salaires et traitements
Employee benefits	1,303,845	982,985	Avantages sociaux
Advertising	431,029	427,228	Publicité
Fuel, power, water and laundry	515,563	541,558	Carburant, électricité, eau et buanderie
General expenses	1,802,121	1,790,785	Dépenses générales
Maintenance of buildings, equipment and vehicles	1,329,446	1,409,420	Entretien des bâtiments, machinerie et véhicules
Maintenance of grounds	416,490	373,025	Entretien des terrains
Grants in lieu of municipal taxes	767,564	723,576	Octrois au lieu de taxes municipales
Distribution Centre expense	823,738	728,616	Dépenses du Centre de distribution
	15,272,316	14,268,156	
NET INCOME BEFORE DEPRECIATION	13,179,470	14,039,627	REVENUS NETS AVANT L'AMORTISSEMENT
DEPRECIATION OF INCOME PRODUCING ASSETS	1,744,188	1,637,053	AMORTISSEMENT DES AVOIRS PRODUCTEURS
NET INCOME EXCLUSIVE OF ANY PORTION OF THE ADMINISTRATIVE OVERHEAD OF THE COMMISSION	11,435,282	12,402,574	REVENUS NETS EXCLUANT TOUTE PARTIE DES DÉPENSES GÉNÉRALES D'ADMINISTRATION DE LA COMMISSION

See accompanying notes to financial statements

Voir notes accompagnant les états financiers

NIAGARA PARKS COMMISSION

Notes to Financial Statements
for the year ended October 31, 1990

Notes accompagnant les états financiers
de l'année se terminant le 31 octobre 1990

SIGNIFICANT ACCOUNTING POLICIES**Basis of Accounting**

The financial statements have been prepared in accordance with generally accepted accounting principles.

Inventories

Inventories of saleable merchandise are valued at the lower of cost (first-in, first-out) and net realizable value.

Fixed Assets

All fixed assets are recorded at cost. Depreciation has been recorded on the straight-line method, using rates from 2 to 20 percent for buildings, roadways and structures, from 10 to 50 percent for equipment and furnishings and from 8 to 50 percent for vehicles.

1. FIXED ASSETS**PRATIQUES COMPTABLES IMPORTANTES****Base de comptabilité**

Les états financiers ont été préparés en conformité avec les principes comptables généralement admis.

Inventaires

L'inventaire des marchandises vendables est évalué au plus bas des coûts (premier entré, premier écoulé) et de la valeur nette réalisable.

Immobilisations

Toutes les immobilisations sont enregistrées au prix coûtant. L'amortissement a été calculé suivant la méthode par annuités constantes, utilisant des taux de 2 à 20% pour les bâtiments, les routes et structures, de 10 à 50% pour les machineries et fournitures, et de 8 à 50% pour les véhicules.

1. IMMOBILISATIONS

	Cost	Accumulated Depreciation	Net Book Value		
	Coût	Amortissement accumulé	Valeur comptable nette		
	\$	\$	1990	1989	
			\$	\$	
Land	5,793,821	0-0	5,793,821	5,793,821	Terrain
Buildings, roadways and structures	56,300,753	17,358,183	38,942,570	35,261,922	Édifices, routes et structures
Equipment and furnishings	8,357,933	4,207,026	4,150,907	3,726,686	Machineries et fournitures
Vehicles	7,086,079	2,858,489	4,227,590	4,550,338	Véhicules
	<u>77,538,586</u>	<u>24,423,698</u>	<u>53,114,888</u>	<u>49,332,767</u>	
Capital works in progress			16,621,122	6,508,475	Constructions en cours
			<u>69,736,010</u>	<u>55,841,242</u>	

NIAGARA PARKS COMMISSION

Notes to Financial Statements
for the year ended October 31, 1990**Notes accompagnant les états financiers**
de l'année se terminant le 31 octobre 1990**2. PENSION PLAN**

The Commission provides pension benefits for all its full-time employees through participation in the Public Service Pension Fund established by the Province of Ontario. The Commission's share of contributions to this Fund during the year was \$ 959,757 (1989 - \$ 575,556) and is included in administrative and general expenses in the Statement of Operations. This amount includes current contributions and additional payments required to cover the Commission's share of the fund's estimated unfunded liabilities on January 1, 1990. These additional payments will continue over the next 40 years.

3. REMUNERATION OF APPOINTEES

The total remuneration of the members of the Commission was \$ 40,189 (1989 - \$ 50, 218) during the year.

4. SURPLUS FUNDS

Pursuant to section 15 (2) of the Niagara Parks Act any surplus moneys shall, on the order of the Lieutenant Governor in Council, be paid to the Treasurer of Ontario and shall form part of the Consolidated Revenue Fund.

2. RÉGIME DE RETRAITS

La Commission offre des prestations de pension à tous ses employés permanents grâce à sa participation au Fonds de retraits des fonctionnaires établi par la province de l'Ontario. La part des contributions versées à ce fonds par la Commission au cours de l'année s'élevait à 959 757 \$ (1989 - 575 556 \$). Cette part est incluse dans les frais administratifs et généraux indiqués dans l'état des résultats d'exploitation. Ce montant comprend les cotisations actuelles et les versements additionnels qui sont nécessaires pour couvrir la part de la Commission à la dette estimative non provisionnée du fonds au 1er janvier 1990. Ces versements additionnels devront être effectués au cours des 40 prochaines années.

3. RÉMUNÉRATION DES MEMBRES

La rémunération totale des membres de la Commission était de 40 189 \$ (1989 - 50 218 \$) au cours de l'année.

4. SURPLUS

Conformément à l'article 15 (2) de la Loi sur les parcs du Niagara, tout surplus, sur l'ordre du lieutenant-gouverneur en conseil, sera versé au Trésorier de l'Ontario et fera partie du Fonds du revenu consolidé.

NIAGARA PARKS COMMISSION

Auditors' Report

for the year ended October 31, 1990

Rapport des vérificateurs

de l'année se terminant le 31 octobre 1990

To The Niagara Parks Commission and to the
Minister of Tourism and Recreation

A l'attention de la Commission des Parcs du
Niagara et du Ministre du Tourisme et des Loisirs

We have audited the balance sheet of The Niagara Parks Commission as at October 31, 1990 and the statements of equity, operations and changes in financial position for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Nous avons vérifié le bilan de la Commission des Parcs du Niagara en date du 31 octobre 1990 de même que l'état des changements de la situation financière pour l'année se terminant à cette date. Ces états financiers sont la responsabilité de la direction de la Commission; il nous incombe d'exprimer notre avis fondé sur notre vérification des dits états financiers.

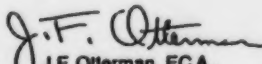
We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

Nous avons effectué la vérification selon les principes comptables généralement admis. Ces principes exigent que nous procédions à la vérification afin de nous assurer que ces états financiers soient libres de tout compte rendu erroné de matières. Une telle vérification comprend l'étude, par échantillonnage, de l'évidence à l'appui des révélations et montants inclus dans les états financiers. La vérification comporte également l'évaluation des principes comptables utilisés et des estimations importantes faites par la direction de même que l'évaluation de la présentation globale de l'état financier.

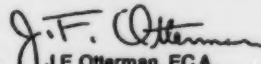
In our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at October 31, 1990 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Nous sommes d'avis que les états financiers ci-inclus représentent équitablement la position financière de la Commission en date du 31 octobre 1990 de même que les résultats de ses exploitations et les changements dans sa position financière pour l'exercice fiscal se terminant alors sont conformes aux principes comptables généralement admis.

Toronto, Ontario
January 16, 1991


J.F. Otterman, F.C.A.,
Assistant Provincial
Auditor

Toronto, Ontario
16 janvier 1991


J.F. Otterman, F.C.A.
Adjoint au Vérificateur
provincial

ONTARIO CENTRE FOR RESOURCE MACHINERY TECHNOLOGY

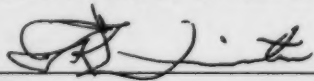
Balance Sheet as at March 31, 1991

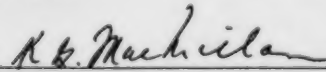
Ontario Centre for Resource Machinery Technology

Balance Sheet as at March 31

	1991	1990
Assets		
Current Assets		
Cash and short-term deposits	\$ 205,938	\$ 153,881
Due from Ontario Development Corporation	64,144	11,411
Accrued interest receivable	5,435	43
	275,517	165,335
Loans and Investments (note 3)	181,249	259,374
	<u>\$ 456,766</u>	<u>\$ 424,709</u>
Liabilities and Equity		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 22,050	\$ 18,435
Equity	434,716	406,274
	<u>\$ 456,766</u>	<u>\$ 424,709</u>

APPROVED ON BEHALF OF THE BOARD


 Director


 Director

ONTARIO CENTRE FOR RESOURCE MACHINERY TECHNOLOGY

Statement of Revenue and Expenditure
for the year ended March 31, 1991

	1991	1990
Revenue		
Interest on term deposits	\$ -	\$ 533,415
Investment income	30,042	68,452
Other income	-	57,289
	<u>30,042</u>	<u>659,156</u>
Expenditure		
Administration	11,600	867,469
Depreciation	-	18,090
	<u>11,600</u>	<u>885,559</u>
Excess of Revenue over Expenditure/(Expenditure over Revenue) Relating to Operations	18,442	(226,403)
Gain on Sale of Investments	<u>10,000</u>	<u>205,002</u>
Excess of Revenue over Expenditure/(Expenditure over Revenue) for the Year	<u>\$ 28,442</u>	<u>\$ (21,401)</u>

ONTARIO CENTRE FOR RESOURCE MACHINERY TECHNOLOGY

Statement of Equity
for the year ended March 31, 1991

	1991	1990
Equity - Beginning of Year	\$ 406,274	\$ 7,612,183
Investment Activity		
Gain on sale of long-term investments	10,000	205,002
Transfer from reserve for research and development	-	730,221
	<u>10,000</u>	<u>935,223</u>
Less:		
Long-term investment commitments rescinded (note 2)	-	(6,026,694)
Long-term investment repayments	-	(1,452,674)
Allowance for decline in value	-	(387,518)
	<u>-</u>	<u>(7,866,886)</u>
	<u>10,000</u>	<u>(6,931,663)</u>
Fixed Assets		
Transfer of fixed assets to Province of Ontario	-	(47,843)
Transfer to operations	-	(18,090)
	<u>-</u>	<u>(65,933)</u>
Operations Contributing to Equity		
Excess of revenue over expenditure/(expenditure over revenue) relating to operations	18,442	(226,403)
Less depreciation	-	18,090
	<u>18,442</u>	<u>(208,313)</u>
Equity - End of Year	\$ 434,716	\$ 406,274

ONTARIO CENTRE FOR RESOURCE MACHINERY TECHNOLOGY

Statement of Changes in Financial Position
for the year ended March 31, 1991

	1991	1990
Cash Provided by (Used for)		
Operations		
Excess of revenue over expenditure/(expenditure over revenue) for the year	\$ 28,442	\$ (21,401)
Less non-cash item: depreciation	-	18,090
	28,442	(3,311)
Gain on sale of investments	(10,000)	(205,002)
Refunds to Province of Ontario (note 4)	-	(7,479,368)
Increase in account payable to Province of Ontario not related to operations	-	179,368
Increase in accounts payable and accrued liabilities	3,615	6,212
(Increase)/decrease in other assets	(58,125)	34,349
	(36,068)	(7,467,752)
Investments and loans		
Acquisition of long-term investments and loans	-	(200,000)
Proceeds from sale of long-term investments	60,000	1,807,919
Repayment of loans	28,125	-
	88,125	1,607,919
Increase (Decrease) in Cash Position	52,057	(5,859,833)
Cash and Short-term Deposits at Beginning of Year	153,881	6,013,714
Cash and Short-term Deposits at End of Year	\$ 205,938	\$ 153,881

ONTARIO CENTRE FOR RESOURCE MACHINERY TECHNOLOGY

Notes to Financial Statements
for the year ended March 31, 1991

1. Summary of Significant Accounting Policies

Loans and investments

Loans and investments are valued at cost less an allowance for declines in value that are considered to be other than temporary. Income from investments is recorded on the accrual basis. Any gains or losses on disposal and allowances for decline in the value of investments are recorded in the year in which they occur.

2. Operations

The Centre was established by the Government of the Province of Ontario pursuant to the provisions of the Technology Centres Act, 1982, to promote and enhance the application of current technology for a five year period expiring in 1987 (subsequently extended to December 31, 1994).

Consistent with the wishes of the provincial government, responsibility for the management of the portfolio of long-term investments and other assets of the Centre was transferred to the Ontario Development Corporation effective December 31, 1989. These assets remain the property of the Centre.

Also, effective December 1989 all fixed assets were transferred to the Province of Ontario and were accounted for as a disposal at net book value.

3. Loans and Investments

Loans and investments are as follows:

	1991	1990
Loans	\$ 456,250	\$ 484,375
Equity investments	-	50,000
	456,250	534,375
Less allowance for decline in value	275,001	275,001
	<u>\$ 181,249</u>	<u>\$ 259,374</u>

The loans bear interest at rates ranging from 4% to 12% per annum.

4. Comparative Figures

The comparative figures were reported on by other auditors and have been restated to conform with the current year's presentation.

ONTARIO CENTRE FOR RESOURCE MACHINERY TECHNOLOGY

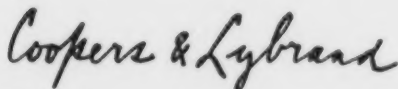
AUDITORS' REPORT

**TO THE HONOURABLE MINISTER OF INDUSTRY, TRADE AND
TECHNOLOGY OF THE PROVINCE OF ONTARIO AND THE
BOARD OF DIRECTORS OF THE ONTARIO CENTRE FOR
RESOURCE MACHINERY TECHNOLOGY**

We have audited the balance sheet of Ontario Centre for Resource Machinery Technology as at March 31, 1991 and the statements of revenue and expenditure, equity, and changes in financial position for the year then ended. These financial statements are the responsibility of the Centre's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Centre as at March 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.



Chartered Accountants

Toronto, Ontario
August 12, 1991

ONTARIO ENERGY CORPORATION

Balance Sheet
December 31, 1990
(in thousands)

	<u>1990</u>	<u>1989</u> (restated - Note 2)
ASSETS		
CURRENT ASSETS - cash and short-term investments	\$ 18,035	\$ 11,319
INVESTMENT IN SUNCOR INC. (Note 2)	<u>300,407</u>	<u>275,094</u>
	<u>\$ 318,462</u>	<u>\$ 286,413</u>
LIABILITY		
CURRENT LIABILITY - accounts payable and accrued liabilities	\$ <u>44</u>	\$ <u>46</u>
SHAREHOLDER'S EQUITY		
SHARE CAPITAL (Note 3)	97,715	97,715
CONTRIBUTED SURPLUS	325,000	325,000
DEFICIT	<u>(104,297)</u>	<u>(136,348)</u>
	<u>318,418</u>	<u>286,367</u>
	<u>\$ 318,462</u>	<u>\$ 286,413</u>

Approved by the Board:

..... *B. D. Davis* Director

..... *M. E. Evers* Director

ONTARIO ENERGY CORPORATION

Statement of Income and Deficit
year ended December 31, 1990
(in thousands)

	<u>1990</u>	<u>1989</u> (restated - Note 2)
REVENUE		
Interest	\$ 1,569	\$ 1,416
Gain on disposal of investments (Note 4)	<u>135</u>	<u>730</u>
	1,704	2,146
EXPENSES - general and administrative	<u>403</u>	<u>241</u>
INCOME FROM OPERATIONS	1,301	1,905
EQUITY IN NET EARNINGS OF SUNCOR INC. (Note 2)	<u>30,750</u>	<u>14,000</u>
NET INCOME	<u>32,051</u>	<u>15,905</u>
DEFICIT, BEGINNING OF YEAR		
As previously reported	(144,848)	130,753
Adjustment (Note 2)	<u>8,500</u>	<u>6,500</u>
As restated	<u>(136,348)</u>	<u>(124,253)</u>
DIVIDEND	<u>-</u>	<u>(28,000)</u>
DEFICIT, END OF YEAR	<u><u>\$ (104,297)</u></u>	<u><u>\$ (136,348)</u></u>

ONTARIO ENERGY CORPORATION

Statement of Changes in Financial Position
year ended December 31, 1990
(in thousands)

	<u>1990</u>	<u>1989</u> (restated - Note 2)
OPERATING ACTIVITIES		
Net income	\$ 32,051	\$ 15,905
Items not affecting cash flow		
Gain on disposal of investments	(135)	(730)
Equity in net earnings of Suncor Inc.	<u>(30,750)</u>	<u>(14,000)</u>
	1,166	1,175
Proceeds on disposal of investments	135	730
Suncor Inc. dividends	<u>5,437</u>	<u>-</u>
	6,738	1,905
Change in operating working capital - accounts payable and accrued liabilities	<u>(2)</u>	<u>(21)</u>
Cash provided by operating activities	6,736	1,884
DIVIDEND PAID	<u>-</u>	<u>(28,000)</u>
INCREASE (DECREASE) IN CASH AND SHORT-TERM INVESTMENTS	6,736	(26,116)
CASH AND SHORT-TERM INVESTMENTS, BEGINNING OF YEAR	<u>11,319</u>	<u>37,435</u>
CASH AND SHORT-TERM INVESTMENTS, END OF YEAR	<u>\$ 18,055</u>	<u>\$ 11,319</u>

ONTARIO ENERGY CORPORATION

Notes to the Financial Statements
December 31, 1990

1. DESCRIPTION OF BUSINESS

The Ontario Energy Corporation was established to invest in, or otherwise participate in, energy projects with a view to enhancing the availability of energy in Ontario. In recent years, the Corporation has followed a divestment mandate and the future plans for the Corporation are being reviewed at this time.

2. INVESTMENT IN SUNCOR INC.

Suncor Inc. is an integrated oil and gas company. The investment in 25% of the common shares of Suncor Inc. is accounted for using the equity method.

	1990	1989
	(in thousands)	
Balance, beginning of year		
As previously reported	\$266,594	\$254,594
Adjustment - see (a) below	<u>8,500</u>	<u>6,500</u>
As restated	275,094	261,094
Equity in net earnings		
As previously reported	30,750	12,000
Adjustments - see (a) below	<u>-</u>	<u>2,000</u>
As restated	30,750	14,000
	305,844	275,094
Dividends received	<u>(5,437)</u>	<u>-</u>
Balance, end of year	\$300,407	\$275,094

(a) Change in accounting policy

Effective January 1, 1990, Suncor Inc. adopted the deferral method of accounting for costs of maintenance shut downs instead of the previously followed accrual method. The financial statements of Suncor Inc. were restated to give effect to this change in accounting policy and, as a result, the Corporation's investment in Suncor Inc. increased by \$6.5 million at January 1, 1989 and the Corporation's 25% equity share of the net earnings for 1989 and 1990 increased by \$2.0 million and \$3.75 million, respectively.

(b) Summarized information

Summarized financial information of Suncor Inc., adjusted for the change in (a) above, as at December 31, 1990 and 1989, and for the years then ended is as follows:

	1990	1989
	(in millions)	
	(restated)	
Working capital	\$ 146	\$ 75
Total assets	\$2,259	\$2,065
Shareholders' equity		
Preferred shares	\$ 6	\$ 7
Common shares	499	499
Retained earnings	<u>701</u>	<u>599</u>
	\$1,206	\$1,105
Revenue	\$1,759	\$1,488
Net earnings	\$ 124	\$ 57
Cash dividends on common shares	\$ 21	\$ -
Stock dividends on common shares	<u>-</u>	<u>21</u>
	\$ 21	\$ 21

ONTARIO ENERGY CORPORATION

Notes to the Financial Statements
December 31, 1990

3. SHARE CAPITAL

Share capital - December 31, 1990 and 1989		(in thousands)
Authorized		
An unlimited number of common shares		
20,000,000 non-voting special shares		
Issued		
2,000,000 common shares		\$100,000
Less		
45,708 common shares held in Treasury, at cost		<u>2.285</u>
		<u>\$ 97.715</u>

4. GAIN ON DISPOSAL OF INVESTMENTS

As at December 31, 1988, additional proceeds with respect to investments disposed of during 1988 were contingent on specified future events such as the realization of exploration tax credits and outstanding joint venture audits. As a result, revenue of \$135,000 and \$730,000 was received and recorded as an additional gain on disposal in 1990 and 1989, respectively. No further proceeds are anticipated.

5. INCOME TAXES

The Corporation is not subject to income tax provided that not less than 90% of the outstanding shares of the Corporation are held directly by the Province of Ontario. All of the Corporation's outstanding shares are presently held by the Province of Ontario.

ONTARIO ENERGY CORPORATION

AUDITORS' REPORT

To the Shareholder of
Ontario Energy Corporation:

We have audited the balance sheet of Ontario Energy Corporation as at December 31, 1990 and the statements of income and deficit and of changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1990 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Deloitte + Touche

March 12, 1991

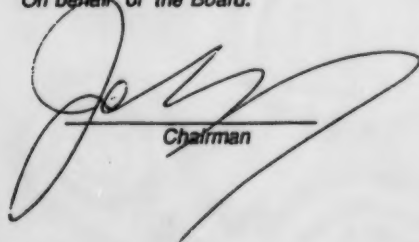
ONTARIO HOUSING CORPORATION

Balance Sheet
as at December 31, 1990

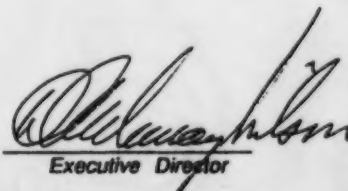
	1990 (\$000's)	1989 (\$000's)
ASSETS		
Investment in properties (note 3)	1,268,214	1,281,001
Mortgages and loans (note 4)	48,805	41,992
Amount due from the Treasurer of Ontario	103,416	106,859
Accounts receivable	<u>2,597</u>	<u>2,170</u>
	1,423,032	1,432,022
Non-profit housing fund (note 5)	<u>1,282,110</u>	<u>319,670</u>
	<u>2,705,142</u>	<u>1,751,692</u>
LIABILITIES		
Long-term debt (note 6)	1,127,788	1,138,583
Accounts payable and accrued liabilities (note 7)	90,203	92,443
Bank indebtedness	<u>3,583</u>	<u>4,502</u>
	1,221,574	1,235,528
Non-profit housing fund (note 5)	<u>1,282,110</u>	<u>319,670</u>
EQUITY		
Contributed surplus (note 8)	<u>201,458</u>	<u>196,494</u>
	<u>2,705,142</u>	<u>1,751,692</u>

See accompanying notes to financial statements.

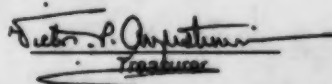
On behalf of the Board:



Chairman



Executive Director



Treasurer

ONTARIO HOUSING CORPORATION

Statement of Operations
year ended December 31, 1990

	1990 (\$000's)	1989 (\$000's)
HOUSING OPERATIONS		
Assisted Housing (note 9)		
Rental Revenue	<u>251,669</u>	<u>241,486</u>
Expenses		
Property operating expenses	387,274	358,342
Grants in lieu of municipal taxes	104,010	95,369
Amortization (principal and interest)	<u>115,049</u>	<u>115,058</u>
	<u>606,333</u>	<u>568,769</u>
Loss on assisted housing	354,664	327,283
Rent Supplement (note 10)	<u>104,553</u>	<u>85,705</u>
	459,217	412,988
Less: Canada Mortgage and Housing Corporation share	<u>225,546</u>	<u>207,300</u>
	233,671	205,688
Provincial contributions to municipal housing (note 11)	21,931	21,581
Rural and native housing (note 12)	4,544	4,194
Recovery of amortization (principal and interest)	<u>(17,862)</u>	<u>(18,173)</u>
PROVINCIAL SHARE OF LOSS ON HOUSING OPERATIONS	<u>242,284</u>	<u>213,290</u>
FUNDS PROVIDED BY THE TREASURER OF ONTARIO	<u>242,284</u>	<u>213,290</u>

See accompanying notes to financial statements.

ONTARIO HOUSING CORPORATION

Notes to the Financial Statements
December 31, 1990

1. **SIGNIFICANT ACCOUNTING POLICIES**

The following summarizes the significant accounting policies used in preparing the accompanying financial statements:

- i) The Corporation uses the accrual method of accounting.
- ii) Capital funds provided by the Treasurer of Ontario are not repayable and are therefore recorded as Contributed Surplus. However, to reflect the full costs of operating the projects, relevant amortization charges (principal and interest) are imputed and included in Loss on Assisted Housing. Such amortization is offset by a credit to Recovery of Amortization in the Statement of Operations.
- iii) Land and buildings held as investments in Provincial and Federal-Provincial properties are amortized on a basis equal to the reduction of the corresponding long-term debt. For the provincial portion of such investments, the reduction is made to Contributed Surplus.
- iv) Furniture and equipment purchases are expensed in the year of acquisition.

2. **SELF-INSURANCE**

The Corporation follows the policy of self-insuring its Provincial and Federal-Provincial properties for damage such as fire, water and vandalism. Costs of such repairs are charged to property operating expenses.

3. **INVESTMENT IN PROPERTIES**

The Corporation's investment in properties is as follows:

	1990 (\$000's)	1989 (\$000's)
(a) Provincial housing	1,187,900	1,199,205
(b) Federal-Provincial housing	15,140	15,481
(c) Student housing on leased land	60,388	60,981
(d) Other	<u>4,786</u>	<u>5,334</u>
	<u>1,268,214</u>	<u>1,281,001</u>

ONTARIO HOUSING CORPORATION

Notes to the Financial Statements
December 31, 1990

3. INVESTMENT IN PROPERTIES (Cont'd)

(a) Provincial housing

This investment represents land and building costs of wholly-owned properties which are amortized over periods not exceeding 50 years.

	1990 (\$000's)	1989 (\$000's)
Cost	1,319,383	1,319,469
Less: accumulated amortization	<u>131,483</u>	<u>120,264</u>
Net book value	<u>1,187,900</u>	<u>1,199,205</u>

(b) Federal-Provincial housing

Federal-Provincial properties are owned and operated on a partnership basis with Canada Mortgage and Housing Corporation. The balance represents the Corporation's share of land and building costs which are amortized over periods not exceeding 50 years.

	1990 (\$000's)	1989 (\$000's)
Cost	20,753	20,753
Less: accumulated amortization	<u>5,613</u>	<u>5,272</u>
Net book value	<u>15,140</u>	<u>15,481</u>

(c) Student housing on leased land

This investment represents building costs to provide student accommodation on land leased from 11 universities and colleges. These costs are being repaid semi-annually to the Corporation by the educational institutions over a 50 year period. When costs are fully repaid, title to the properties will be transferred to the respective institutions. The institutions retain the rental revenues and absorb the property operating expenses.

	1990 (\$000's)	1989 (\$000's)
Cost	67,873	67,873
Less: educational institutions' equity	<u>7,485</u>	<u>6,892</u>
Net book value	<u>60,388</u>	<u>60,981</u>

ONTARIO HOUSING CORPORATION

Notes to the Financial Statements
December 31, 1990

3. INVESTMENT IN PROPERTIES (cont'd)

(d) Other

	1990 (\$000's)	1989 (\$000's)
Land leased, at cost-		
Projects under development, at cost	2,308	2,308
Land inventory, lower of cost or estimated market value	688	1,086
	<u>1,790</u>	<u>1,940</u>
	<u>4,786</u>	<u>5,334</u>

4. MORTGAGES AND LOANS

	1990 (\$000's)	1989 (\$000's)
Rural and Native Housing Program (See note 12)	45,624	38,778
Other	<u>3,181</u>	<u>3,214</u>
	<u>48,805</u>	<u>41,992</u>

5. NON-PROFIT HOUSING FUND

The Corporation is borrowing long-term funds from the Canada Pension Plan Investment Fund (CPP) in an amount not to exceed \$3.1 billion over a period of 5 years by issuance of debentures. The funds borrowed are being lent to non-profit housing organizations and universities and colleges to build, acquire or lease housing units under the HOMES NOW and Student Residences Programs. Any funds received but not disbursed are invested in short-term fixed income and marketable securities.

As of December 31, 1990, the Fund consisted of:

	1990 (\$000's)	1989 (\$000's)
<u>Assets</u>		
Short Term Investments	688,308	211,620
Advances and mortgages		
Non-profit housing organizations	502,310	96,569
Colleges and universities	87,575	9,994
Mortgage interest receivable	<u>3,917</u>	<u>1,487</u>
	<u>1,282,110</u>	<u>319,670</u>
<u>Liabilities and Fund Balance</u>		
Canada Pension Plan Investment Fund (CPP) Debentures	1,230,440	310,439
Interest payable	31,183	6,950
Fund Balance	<u>20,487</u>	<u>2,281</u>
	<u>1,282,110</u>	<u>319,670</u>

ONTARIO HOUSING CORPORATION

Notes to the Financial Statements
December 31, 1990

5. NON-PROFIT HOUSING FUND (cont'd)

The CPP borrowings are repayable 20 years from the date of issuance of the debentures. Interest is payable semi-annually at various rates based on individual debentures ranging from 9.15% to 11.33% - weighted average rate of 10.32%.

Mortgages to non-profit housing organizations and universities and colleges are repayable over a period not in excess of 20 years. Interest is calculated semi-annually at various rates ranging from 9.26% to 11.04% - weighted average rate of 10.03%. Individual mortgage rates are equal to the weighted average rate payable on CPP borrowings not yet disbursed in the month the mortgages are issued.

Details of the transactions related to the Fund Balance are as follows:-

	1990 (\$000's)	1989 (\$000's)
Balance, beginning of year	2,281	0
Interest earned	106,759	11,812
Interest expense	(88,081)	(9,531)
Fiscal Agent Fees and other expenses	<u>(472)</u>	<u>0</u>
Balance, end of year	<u>20,487</u>	<u>2,281</u>

6. LONG-TERM DEBT

	1990 (\$000's)	1989 (\$000's)
Canada Mortgage and Housing Corporation	1,107,970	1,118,609
Other	<u>19,818</u>	<u>19,974</u>
	<u>1,127,788</u>	<u>1,138,583</u>

The Corporation borrows funds from Canada Mortgage and Housing Corporation and the private sector to finance investments in real property. Such borrowings are repaid in accordance with agreement terms over periods not in excess of 50 years.

Interest is payable at various rates based on individual agreements ranging from 4.25% to 14.65% - weighted average rate of 8.20%.

While the Corporation is indebted for capital funds borrowed in respect of investment in Provincial housing projects, the amortization charges (principal and interest) over the life of the projects are considered operating expenses under the cost sharing agreement with Canada Mortgage and Housing Corporation. Under this agreement, Canada Mortgage and Housing Corporation contributes 50% of the amortization charges (principal and interest) and the Corporation absorbs the remaining 50%.

ONTARIO HOUSING CORPORATION

Notes to the Financial Statements
December 31, 1990

6. LONG TERM DEBT (cont'd)

Principal repayments on the Long-term debt are as follows:

	(\$000's)
1991	11,513
1992	12,370
1993	13,293
1994	14,286
1995	15,358
Subsequent to 1995	<u>1,060,968</u>
	<u>1,127,788</u>

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	1990 (\$000's)	1989 (\$000's)
Canada Mortgage and Housing Corporation	35,954	33,172
Other	<u>54,249</u>	<u>59,271</u>
	<u>90,203</u>	<u>92,443</u>

8. CONTRIBUTED SURPLUS

	1990 (\$000's)	1989 (\$000's)
Balance, beginning of year	196,494	192,020
Capital contributions received from Province	6,440	6,772
Capital recoveries	<u>(1,476)</u>	<u>(2,298)</u>
Balance, end of year	<u>201,458</u>	<u>196,494</u>

9. ASSISTED HOUSING

Under the assisted housing program, the Corporation owns (either wholly or in partnership with Canada Mortgage and Housing Corporation) rental properties and provides rent-geared-to-income accommodation to households in need. The management of the properties is carried out through a network of local housing authorities who act as agents of the Corporation. The loss on this program is shared with Canada Mortgage and Housing Corporation.

10. RENT SUPPLEMENT

Under the rent supplement programs, the Corporation acquires the use of rental units from the private sector and then provides rent-geared-to-income accommodation to households in need. The Corporation subsidizes the difference between the rent guaranteed to the landlord and the tenant portion of the rent. The costs for most of these programs are shared with Canada Mortgage and Housing Corporation.

ONTARIO HOUSING CORPORATION

Notes to the Financial Statements
December 31, 1990

11. PROVINCIAL CONTRIBUTIONS TO MUNICIPAL HOUSING

The Corporation contributed \$21.9 million (1989 - \$21.6 million) to the Metropolitan Toronto Housing Company Limited towards operating costs for senior citizen apartment units.

12. RURAL AND NATIVE HOUSING

This program, administered by Canada Mortgage and Housing Corporation, provides subsidized home ownership to families in rural areas. Mortgage payments are geared to owner's incomes. The expense represents the Corporation's share of the subsidy provided.

13. PENSION PLAN

The Corporation provides pension benefits for substantially all permanent crown employees through participation in the Public Service Pension Fund established by the Province of Ontario. The Corporation's share of contributions to the Fund during the year was \$7.2 million (1989 - \$3.8 million) and is included in Housing Operations - Assisted Housing and Rent Supplement expenditures in the Statement of Operations. This amount includes current contributions of \$5.2 million (1989 - \$3.8 million) and additional payments of \$2.0 million (1989 - nil) required to cover the Corporation's share of the Fund's estimated unfunded liabilities at January 1, 1990. These additional payments will continue over the next 39 years.

14. ADMINISTRATIVE SUPPORT SERVICES

The Ministry of Housing provides administration support services to the Corporation. The charge for these services is based on the estimated time spent by Ministry staff on the Corporation's activities. The administrative support services charge included in Housing Operations - Assisted housing and Rent supplement expenditures amounted to \$20.8 million (1989 - \$20.9 million).

15. LOAN GUARANTEE AGREEMENTS

The Corporation has entered into loan guarantee agreements with lenders approved under the National Housing Act to assist non-profit housing corporations to acquire land for the development of Social Housing projects. The Province of Ontario authorized the Corporation to enter into these loan guarantee agreements with the condition that the aggregate of all guarantees outstanding at any time not exceed \$100 million. As at December 31, 1990, the Corporation was committed to loan guarantees totalling \$61.6 million.

16. LOAN INSURANCE AGREEMENTS

The Corporation has entered into loan insurance agreements with Canada Mortgage and Housing Corporation (CMHC) pertaining to various projects under the Non-Profit Housing Program administered by the Ministry of Housing. Under these agreements, CMHC will provide insurance on mortgage loans made by lenders approved under the National Housing Act for the purpose of purchasing, improving, constructing or altering housing units. While the insurance is provided by CMHC, the Corporation is liable to CMHC for its share of all net costs incurred as a result of loan defaults. As at December 31, 1990, there were no loans in default under these agreements.

ONTARIO HOUSING CORPORATION

PROVINCIAL AUDITOR'S REPORT

To the Ontario Housing Corporation
and to the Minister of Housing

I have audited the balance sheet of the Ontario Housing Corporation as at December 31, 1990 and the statement of operations for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1990, and the results of its operations for the year then ended in accordance with the accounting policies described in note 1 to the financial statements.

Toronto, Ontario,
May 17, 1991.


J.F. Otterman, F.C.A.,
Assistant Provincial Auditor

ONTARIO HYDRO

FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in Canada, applied on a basis consistent with that of the preceding year. The significant accounting policies followed by Ontario Hydro are described below.

Rate setting

Ontario Hydro has broad powers to generate, supply and deliver electric power throughout the Province of Ontario. The Corporation operates under the Power Corporation Act and is subject to provisions of the Ontario Energy Board Act.

Under the provisions of the Power Corporation Act, the price payable by municipal corporations is the cost of operating and maintaining the system, depreciation, interest, and the amounts appropriated for debt retirement and stabilization of rates and contingencies. The debt retirement appropriation is the amount required under the Act to accumulate on a sinking fund basis over 40 years a sum equal to the debt incurred for the cost of the fixed assets in service. The appropriation for, or withdrawal from, the stabilization of rates and contingencies reserve is an amount established to maintain a sound financial position and to stabilize the effect of cost fluctuations.

Under the provisions of the Ontario Energy Board Act, a public hearing before the Ontario Energy Board is required to review any changes in electricity rates proposed by Ontario Hydro which affect its municipal utilities, direct industrial customers, or, if the Minister of Energy so directs, rural retail customers. The Ontario Energy Board then submits its recommendations to the Minister of Energy. After considering the recommendations of the Ontario Energy Board, Ontario Hydro's Board of Directors, under the authority of the Power Corporation Act, establishes the electricity rates to be charged to customers.

If the Board of Directors specifies an amount related to a certain transaction be included in future electricity rates that, in accordance with the accounting policies summarized below, would be charged or credited to operations in the current year, then this amount is deferred and amortized to future operations on a basis consistent with its inclusion in rates.

Fixed assets

Fixed assets in service include operating facilities and non-operating reserve facilities. Construction in progress includes fixed assets under construction and heavy water held for use in nuclear generating stations under construction.

Fixed assets are capitalized at cost which comprises: material; labour; engineering costs; overheads; depreciation on service equipment; interest applicable to capital construction activities; and for new facilities, the costs of training initial operating staff. In the case of generating

facilities, the cost also includes the net cost of commissioning which comprises the cost of start-up less the value attributed to energy produced by generation facilities during their commissioning periods. For multi-unit facilities, a proportionate share of the cost of common facilities is placed in-service with each major operating unit. The cost of heavy water comprises the direct cost of production and applicable overheads, as well as interest and depreciation on the heavy water production facilities and the estimated removal costs of these facilities. Leases which transfer the benefits and risks of ownership of assets to Ontario Hydro are capitalized.

Interest is capitalized on construction in progress at rates (1990 - 10.8 per cent, 1989 - 10.8 per cent) which approximate the average cost of long-term funds borrowed in the years in which expenditures have been made for fixed assets under construction. If the construction period of a project is extended and the construction activities are continued, interest is capitalized during the period of extension provided that the project has a reasonable expectation of being completed.

If a project is cancelled or deferred indefinitely with a low probability of resuming construction, all costs including the costs of cancellation are written off to operations.

If fixed assets are removed from operations and mothballed for future use, termed non-operating reserve facilities, the costs of mothballing are charged to operations.

Depreciation

The capital costs of fixed assets in service are depreciated on a straight-line basis. Depreciation rates for the various classes of assets are based on their estimated service lives. Major components of generating stations are depreciated over either the lesser of the service life expectancy of the component or the remaining service life of the associated generating station.

The estimated service lives of assets in the major classes are:

Generating stations	
- hydraulic	- 65 to 100 years
- fossil	- 40 years
- nuclear	- 40 years
Heavy water	
	- over the period ending in the year 2040
Transmission and distribution facilities	
	- 20 to 55 years
Heavy water production facilities	
	- 20 years
Administration and service facilities	
	- 5 to 65 years

ONTARIO HYDRO

In accordance with group depreciation practices, for normal retirements the cost of fixed assets retired is charged to accumulated depreciation with no gain or loss reflected in operations. However, gains and losses on sales of fixed assets and losses on premature retirements, are charged to operations in the year incurred as adjustments to depreciation expense.

When the costs of removal less residual value, termed removal costs, on retirements of fixed assets can reasonably be estimated and are significant, provisions for these costs, except for those related to heavy water production facilities, are charged to depreciation expense on an annuity basis over the remaining service life of the related fixed assets. For heavy water production facilities, provisions for removal costs are charged to heavy water production costs on a straight-line basis over the remaining service life of the related facilities. Other removal costs are charged to depreciation expense as incurred. Removal costs include the estimated costs of decommissioning nuclear and fossil stations and heavy water production facilities, and the estimated costs of removing certain nuclear reactor fuel channels.

The estimated service lives of fixed assets and the significant assumptions underlying the estimates of fixed asset removal costs are subject to periodic review. Any changes arising out of such a review are implemented on a remaining service life basis from the year the changes can first be reflected in electricity prices.

Non-operating reserve facilities are amortized so that any estimated loss in value is charged to depreciation expense on a straight-line basis over their expected non-operating period.

Unamortized advances for fuel supplies

As part of its program to ensure the adequate supply of fuels for its generating stations, Ontario Hydro has entered into long-term fuel supply contracts. Where these contracts require Ontario Hydro to make payments for pre-production costs to suppliers in advance of the fuel delivery, these payments and associated costs, including interest, are carried in the accounts as unamortized advances for fuel supplies. The advances are amortized to fuel inventory as the fuels are delivered.

Fuel for electric generation

Fuel used for electric generation comprises the average inventory costs of fuel consumed, charges for commissioning energy produced, and provisions for disposal of nuclear fuel irradiated during the period. The inventory cost of fuel consumed comprises fuel purchases, transportation and

handling costs, and the amortization of advances for fuel supplies. Transportation costs include charges for interest and depreciation on railway equipment owned by Ontario Hydro. The charges for commissioning energy produced during the period represent the incremental operating and fuel costs of producing the same quantity of energy at generating units displaced because of the commissioning activity. The costs for disposal of nuclear fuel irradiated in each period are charged to operations based on estimated future expenditures and interest accumulating to the estimated date of disposal. Estimates of expenditures, interest and escalation rates, and the date of disposal are subject to periodic review. Adjustments resulting from changes in estimates are charged to operations on an annuity basis over the period from the year the changes can first be reflected in electricity prices to the estimated in-service date of the disposal facility.

Foreign currency translation

Current monetary assets and liabilities in foreign currencies are translated to Canadian currency at year-end rates of exchange and the resultant exchange gains or losses are credited or charged to operations. Long-term debt payable in foreign currencies is translated to Canadian currency at year-end rates of exchange. Resulting unrealized exchange gains or losses are deferred and included in unamortized debt costs, and are amortized to operations on an annuity basis over the remaining life of the related debt.

Foreign exchange gains or losses on hedges of long-term debt payable in foreign currencies are deferred and included in unamortized debt costs. The deferred gains or losses related to principal payments are amortized to operations on an annuity basis over the remaining period to the year in which the hedged principal payments are due. The deferred gains or losses related to interest payments are credited or charged to operations in the year in which the hedged interest payments are due.

Foreign exchange gains or losses on early redemption of long-term debt are deferred and included in unamortized debt costs if the exposure in the foreign currency related to the redeemed debt is not reduced as a result of the refinancing of the redeemed debt in the same currency. These deferred gains or losses are amortized on an annuity basis over the period to the original maturity date of the redeemed debt. If the foreign currency exposure is reduced as a result of the early redemption of debt, the resulting foreign exchange gains or losses related to the redeemed debt are credited or charged to operations.

ONTARIO HYDRO

Unamortized debt costs

Unamortized debt costs include the unamortized amounts related to unrealized foreign exchange gains or losses resulting from the translation of foreign currency long-term debt; foreign exchange gains or losses on hedges; foreign exchange gains or losses on the early redemption of long-term debt; discounts or premiums arising from the issuance of debt or the acquisition of debt prior to maturity; and discounts or premiums accrued on foreign currency hedges.

Debt discounts or premiums arising from the issuance of debt are amortized over the period to maturity of the debt. Discounts or premiums on debt acquired prior to the date of maturity are amortized over the period from the acquisition date to the original maturity date of the debt. Discounts or premiums on foreign currency hedges are credited or charged to operations over the terms of the individual hedges.

Nuclear agreement - payback

Ontario Hydro, Atomic Energy of Canada Limited and the Province of Ontario are parties to a joint undertaking for the construction and operation of Units 1 and 2 of Pickering nuclear generating station, with ownership of these units being vested in Ontario Hydro. Contributions to the capital cost by Atomic Energy of Canada Limited and the Province of Ontario amounted to \$258 million and these have been deducted in arriving at the value of fixed assets in service in respect of Pickering Units 1 and 2. Ontario Hydro is required to make monthly payments, termed "payback", until the year 2003 to each of the parties in proportion to their capital contributions. Payback, in a broad sense, represents the net operational advantage of having the power generated by Pickering Units 1 and 2, compared with power generated by coal-fired units similar to Lambton Units 1 and 2.

During the 1983 through 1988 shutdown period for replacement of pressure tubes in Pickering Units 1 and 2, the payback calculations resulted in negative payback amounts. These amounts have been credited against the cost of operations over the shutdown period and the accumulated amounts, plus interest, are included in the accounts as long-term accounts receivable. The accumulated negative payback amounts, plus interest, are to be offset against future positive payback amounts payable over the remaining term of the Agreement to Atomic Energy of Canada Limited and to the Province of Ontario, commencing with the return to operation of the last of the two units in November 1988.

Pension plan

The pension plan is a contributory, defined benefit plan covering all regular employees of Ontario Hydro. Pension costs for accounting purposes are actuarially determined based on the assumptions that reflect management's best estimate of the effect of future events on the actuarial present value of accrued pension benefits, and the valuation of pension plan assets using a five-year market value average. Pension plan surpluses and deficiencies are amortized on an annuity basis over the expected average remaining period of service of the employees covered by Ontario Hydro's pension plan.

Research and development

Research and development costs are charged to operations in the year incurred, except for those related directly to the design or construction of a specific capital facility which are capitalized as part of the facility.

ONTARIO HYDRO

STATEMENT OF OPERATIONS

for the year ended December 31, 1990

1990

1989

*millions of dollars***Revenues**

Primary power and energy

Municipal utilities

4,373

4,209

Rural retail customers

1,297

1,256

Direct industrial customers

792

790

6,462

6,255

Secondary power and energy (note 1)

22

91

6,484

6,346

Costs

Operation, maintenance and administration

1,927

1,534

Fuel used for electric generation

1,035

1,132

Power purchased

477

230

Nuclear agreement - payback

(15)

1

Provincial government levies (note 2)

235

177

Depreciation (note 3)

908

845

4,567

3,919

Income before financing charges

1,917

2,427

Financing charges

Interest (note 4)

1,803

1,697

Foreign exchange

(15)

31

1,788

1,728

Net income

129

699

Appropriation for:

Debt retirement

374

357

Stabilization of rates and contingencies

(245)

342

129

699

See accompanying summary of significant accounting policies and notes to financial statements.

ONTARIO HYDRO

STATEMENT OF FINANCIAL POSITION

as at December 31, 1990

1990

1989

*millions of dollars***ASSETS****Fixed assets (note 5)**

Fixed assets in service	32,497	27,786
Less accumulated depreciation	7,823	7,017

Construction in progress

24,674	20,769
10,465	11,593
35,139	32,362

Current assets

Accounts receivable	751	788
Fuel for electric generation (note 6)	1,352	1,108
Materials and supplies, at cost	398	339
	2,501	2,235

Other assets

Unamortized debt costs	248	218
Unamortized advances for fuel supplies (note 7)	709	728
Unamortized deferred costs (note 8)	227	313
Long-term accounts receivable and other assets	549	421
	1,733	1,680
	39,373	36,277

See accompanying summary of significant accounting policies and notes to financial statements.

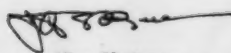
ONTARIO HYDRO

	1990	1989
	<i>millions of dollars</i>	
LIABILITIES		
Long-term debt (note 9)	27,701	25,141
Current liabilities		
Bank indebtedness (note 10)	622	356
Accounts payable and accrued charges	727	919
Short-term notes payable	108	-
Accrued interest	768	742
Long-term debt payable within one year	1,677	1,661
	3,902	3,678
Other liabilities		
Long-term accounts payable and accrued charges	230	222
Accrued fixed asset removal and irradiated fuel disposal costs (note 11)	1,124	949
	1,354	1,171
CONTINGENCIES (notes 7 and 13)		
EQUITY		
Accumulated debt retirement appropriations	4,301	3,927
Reserve for stabilization of rates and contingencies	1,988	2,233
Contributions from the Province of Ontario as assistance for rural construction	127	127
	6,416	6,287
	39,373	36,277

On behalf of the Board of Directors



Chairman, President and
Chief Executive Officer



Vice-Chairman

Toronto, Canada,
March 11, 1991

ONTARIO HYDRO

STATEMENT OF ACCUMULATED DEBT RETIREMENT APPROPRIATIONS

for the year ended December 31, 1990

	Municipal Utilities	Power District (Rural Retail and Direct Industrial Customers)	Total 1990	1989
<i>millions of dollars</i>				
Balances at beginning of year	2,719	1,208	3,927	3,570
Appropriation	255	119	374	357
Balances at end of year	2,974	1,327	4,301	3,927

STATEMENT OF RESERVE FOR STABILIZATION OF RATES AND CONTINGENCIES

for the year ended December 31, 1990

	Held for the benefit of all customers	Held for the benefit of certain groups of customers			Total 1990	1989
		Municipal Utilities	Rural Retail Customers	Direct Industrial Customers		
<i>millions of dollars</i>						
Balances at beginning of year	2,217	1	13	2	2,233	1,891
Appropriation (withdrawal)	(250)	-	1	4	(245)	342
Balances at end of year	1,967	1	14	6	1,988	2,233

See accompanying summary of significant accounting policies and notes to financial statements.

ONTARIO HYDRO

STATEMENT OF SOURCE OF CASH USED FOR INVESTMENT IN FIXED ASSETS

<i>for the year ended December 31, 1990</i>	1990	1989
	<i>millions of dollars</i>	
Cash provided from operations (note 12)	754	1,705
Cash provided from financing		
Long-term debt issued	4,148	3,221
Long-term debt retired	(1,633)	(2,059)
	2,515	1,162
Changes in cash and cash equivalents - decrease (note 12)	374	168
Cash provided from financing	2,889	1,330
Cash provided for investment in assets	3,643	3,035
Cash used for investment in other assets	(51)	(43)
Cash used for investment in fixed assets	3,592	2,992
Changes in accounts payable and accrued charges affecting investment in fixed assets - (decrease) increase	(48)	103
Investment in fixed assets (note 12)	3,544	3,095

See accompanying summary of significant accounting policies and notes to financial statements.

ONTARIO HYDRO

NOTES TO FINANCIAL STATEMENTS

1. Secondary power and energy

Secondary power and energy revenues include \$20 million (1989 - \$87 million) from sales of electricity to United States utilities.

2. Provincial government levies

	1990	1989
	<i>millions of dollars</i>	
Provincial water rentals	102	95
Provincial debt guarantee fee	133	82
	235	177

Provincial government levies are the amounts charged by the Ontario provincial government: for the debt guarantee fee and water rentals.

Provincial water rentals:

Provincial water rentals are the amounts paid to the Province of Ontario for the use of water for hydraulic generation.

Provincial debt guarantee fee:

In May 1989, the Province of Ontario legislated that Ontario Hydro is required to pay to the Province an annual debt guarantee fee of one half of one per cent on the total outstanding debt guaranteed by the Province as of the preceding December 31. For 1989, the fee of \$82 million reflects the fact that the fee came into effect in May 1989.

3. Depreciation

	1990	1989
	<i>millions of dollars</i>	
Depreciation of fixed assets in service	858	792
Amortization of deferred costs	39	40
Fixed asset removal costs		
- provision for fuel channel removal costs	55	77
- provision for decommissioning costs	32	33
- other removal costs	38	22
	1,022	964
Less:		
Depreciation charged to - construction in progress	59	53
- heavy water production	50	51
- fuel for electric generation	2	2
Net gain on sales of fixed assets	3	13
	114	119
	908	845

ONTARIO HYDRO

4. Interest

	1990	1989
	<i>millions of dollars</i>	
Interest on bonds, notes, and other debt	3,096	2,932
Interest on accrued fixed asset removal and irradiated fuel disposal costs	108	84
	3,204	3,016
Less:		
Interest charged to - construction in progress	1,169	1,016
- heavy water production	71	77
- fuel for electric generation	78	82
Interest earned on investments	83	144
	1,401	1,319
	1,803	1,697

5. Fixed assets

	1990		
	<i>Assets in Service</i>	<i>Accumulated Depreciation</i>	<i>Construction in Progress</i>
	<i>millions of dollars</i>		
Generating stations - hydraulic	1,972	689	81
- fossil	3,992	1,630	527
- nuclear	13,545	2,118	7,718
Heavy water	2,907	340	1,181
Transmission and distribution	7,349	1,797	839
Heavy water production facilities	1,129	551	-
Administration and service facilities	1,603	698	119
	32,497	7,823	10,465
	1989		
	<i>Assets in Service</i>	<i>Accumulated Depreciation</i>	<i>Construction in Progress</i>
	<i>millions of dollars</i>		
Generating stations - hydraulic	1,923	657	51
- fossil	3,732	1,539	169
- nuclear	10,874	1,785	8,837
Heavy water	2,507	294	1,316
Transmission and distribution	6,197	1,641	1,122
Heavy water production facilities	1,127	498	-
Administration and service facilities	1,426	603	98
	27,786	7,017	11,593

ONTARIO HYDRO

5. Fixed assets (continued)

A major portion of the construction in progress as at December 31, 1990 relates to the construction program for the Darlington nuclear generating station. The cost of construction in progress associated with this program, including heavy water, amounted to \$8,268 million as at December 31, 1990 (1989 - \$9,885 million).

Darlington Unit 2 was placed in-service for commercial operation in October 1990. The remaining three units are planned to be placed in-service by the end of 1993. When

completed, the Darlington nuclear generating station will provide a total of 3,524 megawatts of dependable capacity. The estimated cost to complete the Darlington construction program is \$1,882 million, including cost escalation and interest of approximately \$1,197 million. Because of the uncertainties associated with long construction lead times and planned in-service dates, the estimated cost to complete the station is subject to change.

6. Fuel for electric generation

	1990	1989
	<i>millions of dollars</i>	
Inventories - uranium	733	700
- coal	511	396
- oil	101	12
	1,352	1,108

7. Unamortized advances for fuel supplies

	1990	1989
	<i>millions of dollars</i>	
Uranium - Rio Algom Limited	399	406
- Denison Mines Limited	310	322
	709	728

Unamortized advances for fuel supplies are recovered as fuel is delivered. Over the next five years, the amortization of advances for uranium supplies under the current amortization schedule is expected to be about \$32 million for the contract with Rio Algom Limited and about \$68 million for Denison Mines Limited (Denison).

Ontario Hydro has long-term contracts with Denison and Rio Algom Limited for uranium supplies through to 2012 and 2027, respectively. Ontario Hydro's current forecast of the annual requirements for uranium is about 1,800 megagrams for 1991, decreasing to about 1,700 megagrams by 1995. The uranium inventory as at December 31, 1990, plus the contracted deliveries through to the end of 1993 exceed the forecasted requirements to the end of 1993 by about 900 megagrams. Starting in 1994 through to 2012, contracted deliveries exceed forecasted requirements of the nuclear generating facilities currently in service and under construction by about 1,000 megagrams per year. Ontario Hydro's options for managing the oversupply include, under

specified conditions, cancellation or renegotiation of the contracts. In the event that a contract is cancelled, the supplier is not required to refund any outstanding advances.

On March 11, 1991, Ontario Hydro's Board of Directors authorized management to notify Denison that under the terms of the Uranium Supply Contract (the Contract), the price for uranium concentrate be amended for 1991 and 1992. If Denison accepts the amended price, Ontario Hydro would be required to pay the amended price for uranium concentrate deliveries in 1991 and 1992. If Denison does not accept the amended price, Ontario Hydro may terminate the Contract effective December 31, 1992. However, at this time, the outcome with respect to the notification to Denison is not determinable. If the contract is terminated, it is expected that the outstanding advances and associated costs would not be charged directly to operations but, under the rate setting authority of Ontario Hydro's Board of Directors, would be deferred and amortized for recovery through future electricity rates.

ONTARIO HYDRO

8. Unamortized deferred costs

	1990	1989
	<i>millions of dollars</i>	
Bruce heavy water plant D	111	148
Wesleyville generating station	7	10
Fuel oil contract	118	158
Coal purchase agreement	58	87
	51	68
	227	313

Unamortized deferred costs are amounts from prior years that the Board of Directors, under its rate setting authority, has determined be deferred and amortized for recovery through electricity rates on a straight-line basis over a specified period

of years. Accordingly, in 1990, \$39 million and \$46 million (1989 - \$40 million and \$46 million) were charged respectively to depreciation and fuel used for electric generation.

9. Long-term debt

	1990	1989
	<i>millions of dollars</i>	
Bonds and notes payable	29,292	26,694
Other long-term debt	86	108
	29,378	26,802
Less payable within one year	1,677	1,661
	27,701	25,141

Bonds and notes payable, expressed in Canadian dollars, are summarized by years of maturity and by the currency in which they are payable in the table shown on the following page.

ONTARIO HYDRO

9. Long-term debt (continued)

Years of Maturity	1990			Weighted Average Coupon Rate	1989	
	Principal Outstanding				Principal Outstanding	Weighted Average Coupon Rate
	Canadian	Foreign	Total		Total	
	millions of dollars				millions of dollars	per cent
1990	-	-	-	1,639		
1991	1,380	273	1,653	1,645		
1992	1,119	902	2,021	2,036		
1993	2,759	41	2,800	2,822		
1994	1,363	564	1,927	1,891		
1995	1,959	738	2,697	-		
1 - 5 years	8,580	2,518	11,098	11.0	10,033	11.0
6 - 10 years	5,908	623	6,531	10.0	5,416	9.6
11 - 15 years	2,541	968	3,509	11.2	3,651	11.6
16 - 20 years	3,446	1,835	5,281	10.4	5,368	10.0
21 - 25 years	971	902	1,873	13.2	2,226	13.5
26 - 30 years	1,000	-	1,000	10.9	-	-
	22,446	6,846	29,292	10.8	26,694	10.8

Currency in which payable:

Canadian dollars	22,446	19,936
United States dollars	6,846	6,753
United Kingdom pounds sterling	-	5
	29,292	26,694

Bonds and notes payable are either held, or guaranteed as to principal and interest, by the Province of Ontario.

Bonds and notes payable in United States dollars include Cdn. \$5,056 million (1989 - Cdn. \$5,096 million) of Ontario Hydro bonds held by the Province of Ontario and having terms identical with Province of Ontario issues sold in the United States on behalf of Ontario Hydro.

Ontario Hydro has entered into financial arrangements to hedge a portion of the foreign currency exposure related to principal and interest payments with respect to long-term debt. These arrangements are primarily in forward exchange contracts and foreign currency swap contracts.

Forward exchange contracts amounted to U.S. \$1,128 million as at December 31, 1990 (1989 - U.S. \$1,995 million), having a weighted average Canadian dollar exchange rate of 1.27 (1989 - 1.26). These forward exchange contracts hedge principal and interest payments amounting to U.S. \$350 million due in 1991 and the remaining U.S. \$778 million hedge principal and interest payments due over the period 1992 through 1998. In addition, foreign currency swap contracts exchange U.S. \$850 million of principal and interest payments due over the period 1991 through 1995, into Cdn. \$1,095 million.

ONTARIO HYDRO

9. Long-term debt (continued)

<i>Other Long-Term Debt:</i>	<i>Years of Maturity</i>	<i>Interest Rate</i>	1990	1989
		<i>per cent</i>	<i>millions of dollars</i>	
Balance due to Atomic Energy of Canada Limited on purchase of Bruce heavy water plant A	1992	7.8	47	67
Capitalized lease obligation for the Head Office building, payable in U.S. dollars	2005	8.0	38	40
Capitalized lease obligations for transport and service equipment	1991 to 1995	6.3 to 11.9	1	1
			86	108

Payments required on the above debt, excluding interest, will total \$55 million over the next five years. The amount payable within one year is \$24 million (1989 - \$22 million).

10. Bank indebtedness

Bank indebtedness includes short-term bank lines of credit available to Ontario Hydro in the amount of \$600 million. The lines of credit are unsecured and bear interest at the Canadian prime rate.

11. Accrued fixed asset removal and irradiated fuel disposal costs

	1990	1989
	<i>millions of dollars</i>	
Accrued fixed asset removal costs		
- accrued decommissioning costs	330	267
- accrued fuel channel removal costs	278	250
	608	517
Accrued irradiated fuel disposal costs	516	432
	1,124	949

Fixed asset removal costs:

Fixed asset removal costs are the costs of removing certain fuel channels, which are expected to be replaced during the life of the reactors, from the nuclear reactors, and the costs of decommissioning nuclear and fossil generating stations and heavy water production facilities after the end of their service lives. The significant assumptions used in estimating fixed asset removal costs were:

- removal of fuel channels in Pickering nuclear generating station A Units 3 and 4 in the 1989 to 1992 (1989 - 1989 to

1992) period; Bruce nuclear generating station A Units 1 and 2 in the 1993 to 1999 (1989 - 1996 to 2000) period and Units 3 and 4 in the 2002 to 2010 (1989 - 2002 to 2010) period; Pickering B in the 2012 to 2017 (1989 - 2012 to 2017) period; Bruce B in the 2014 to 2019 (1989 - 2014 to 2019) period; and Darlington nuclear generating station in the 2019 to 2024 period;

ONTARIO HYDRO

11. Accrued fixed asset removal and irradiated fuel disposal costs (continued)

- decommissioning of nuclear generating stations in the 2042 to 2065 period on the deferred dismantlement basis (dismantlement following storage with surveillance for a 30-year period after shutdown of the reactors), and a transportation distance of 1,000 kilometres from nuclear generating facilities to disposal facilities;
- dismantlement of Bruce heavy water plants A, B and D in the 1995 to 2005 period;
- interest rates through to 2065 ranging from 9% to 10% (1989 - 10% to 11%); and
- escalation rates through to 2065 ranging from 4% to 7% (1989 - 4% to 9%).

Because of possible changes to the above factors and the methods used for decommissioning and fuel channel removal, these costs are subject to revision.

Irradiated fuel disposal costs:

The significant assumptions used in estimating the future irradiated fuel disposal costs were:

- an in-service date of the year 2025 (1989 - 2010) for irradiated nuclear fuel disposal facilities;
- a transportation distance of 1,000 kilometres from nuclear generating facilities to disposal facilities;
- interest rates through to the disposal date ranging from 9% to 10% (1989 - 10% to 11%); and
- escalation rates through to the disposal date ranging from 4% to 7% (1989 - 4% to 9%).

Because of the uncertainties associated with the technology of disposal, and the above factors, these costs are subject to change.

12. Statement of source of cash used for investment in fixed assets

The statement of source of cash used for investment in fixed assets reports the investment in fixed assets resulting from the cash flows from operating and financing activities and the effects of changes in accounts payable and accrued charges affecting investment in fixed assets during the year. This statement focuses on the investment in fixed assets in view of Ontario Hydro's current level of construction activities which are financed from the two sources, cash provided from operations and cash provided from financing.

Cash provided from financing represents the amount of cash provided from the issuance of long-term debt, less the amount of cash used to retire long-term debt; and the effects of changes in cash and cash equivalents, defined to be cash and short-term investments less bank indebtedness and short-term notes payable.

The components of cash provided from operations and changes in cash and cash equivalents are summarized on the next page.

ONTARIO HYDRO

12. Statement of source of cash used for investment in fixed assets (continued)

	1990	1989
	<i>millions of dollars</i>	
Cash provided from operations		
Net Income	129	699
Items not requiring cash in the current year:		
Depreciation	908	845
Amortization of foreign exchange gains and losses	(48)	(52)
Provision for irradiated fuel disposal costs	35	27
Other	121	178
	1,145	1,697
Changes in non-cash working capital and long-term accounts payable affecting operations - decrease (increase)	(391)	8
Cash provided from operations	754	1,705
Changes in cash and cash equivalents		
Bank indebtedness - increase	266	668
Short-term notes payable - increase (decrease)	108	(500)
Changes in cash and cash equivalents	374	168
Investment in fixed assets		
The reconciliation of the change in fixed assets during the year with the investment in fixed assets for the year is summarized below:		
Change in fixed assets	2,777	2,387
Depreciation of fixed assets in service	858	792
Less depreciation charged to heavy water production and construction in progress	(108)	(104)
	750	688
Net book value of fixed assets sold or retired	17	20
Investment in fixed assets	3,544	3,095

ONTARIO HYDRO

13. Pension, insurance and health care

Ontario Hydro's employee benefit programs include the pension plan, the group life insurance plan and the long-term disability plan. The assets of these plans and the changes in assets during the year are shown in the financial statements of The Pension and Insurance Fund and are not included in Ontario Hydro's financial statements.

Pension plan:

On March 30, 1990, the Ontario Hydro Employees' Union, Local 1000 of the Canadian Union of Public Employees - C.I.C. (OHEU) commenced a legal action in the Supreme Court of Ontario. The legal action requires that, among other things, Ontario Hydro comply with the statutory obligation to contribute the difference between the amount of the contributions of the employees and the amount of the cost of the pension benefits as determined by actuarial valuations for the years 1965, 1980 to 1985, and 1987 to 1989, plus pre-judgment interest. Ontario Hydro has filed a notice of appearance in response to the legal action. No amount has been accrued in the 1990 financial statements to provide for the contingency with respect to these years as, at this time, the results of the legal action are not determinable. However, as part of a two-year OHEU contract settlement which includes improvements to pension benefits, Ontario Hydro has agreed to pay \$381 million into the Pension Plan over the period 1990 through 1992 in respect of the Corporation's contributions and related interest for all of the years in dispute through 1989. The amount includes \$71 million paid by Ontario Hydro in January 1990 pursuant to the Court of Appeal decision regarding 1986 contributions by the Corporation. Interest is payable at The Pension Fund rate of return on the balance unpaid after April 27, 1990. The payments are made without prejudice to any legal defense Ontario Hydro may raise regarding the amounts which may be legally owing in respect of the years in dispute. The amount of \$381 million and any additional amount that Ontario Hydro is required to

contribute to the Pension Plan with respect to the years in dispute are to be charged to the accrued pension account in the statement of financial position. In the event that the accrued pension amount does not have future benefit to Ontario Hydro as determined in accordance with the recommendations of The Canadian Institute of Chartered Accountants, it is expected that management would request the Board of Directors to specify that such loss in value be deferred and amortized to future operations on a basis consistent with its inclusion in electricity prices.

The pension costs for 1990 were \$165 million (1989 - \$65 million). In 1990, about \$124 million (1989 - \$49 million) of the pension costs were charged to operations and \$41 million (1989 - \$16 million) were capitalized.

The pension costs for 1990 were actuarially determined for accounting purposes using the following significant assumptions which take into consideration the long-term nature of the pension plan:

- rate used to discount future pension benefits - 8.50% (1989 - 8.50%);
- rate used to estimate interest cost and return on investments - 8.50% (1989 - 8.50%);
- salary escalation rate - 7.00% (1989 - 7.00%);
- rate used to estimate improvements in pension benefits to partially offset the effect of increase in cost of living - 3.75% (1989 - 2.50%);
- average retirement age for males - 60.6 (1989 - 59.1) and for females - 61.5 (1989 - 60.2); and
- average remaining period of service of the employees - 16 years (1989 - 17 years).

Based on these assumptions, the actuarial present value of the accrued pension benefits is estimated to be \$4,756 million as at December 31, 1990 (1989 - \$3,524 million), and the pension plan assets available for these benefits were \$4,489 million (1989 - \$3,882 million) based on a five-year market value average.

ONTARIO HYDRO

13. Pension, insurance and health care (continued)**Group life insurance plan:**

The group life insurance plan had assets of \$13 million as at December 31, 1990 (December 31, 1989 - \$21 million). Effective April 1, 1986, the assets are being used to pay both the employee and employer insurance premiums for all members of the plan until such time as the assets are fully utilized.

Group health care plan:

Ontario Hydro provides a group health care plan to its employees. In 1990, the cost of providing these benefits was \$37 million (1989 - \$36 million).

Other post employment benefits:

In addition to pension benefits, Ontario Hydro provides group life insurance and health care benefits to its retired employees and, in certain cases, their surviving spouses and unmarried dependents. The cost of providing the group life insurance and health care benefits is charged to operations as incurred. In 1990, the cost of providing these benefits was \$12 million (1989 - \$12 million).

14. Research and development

In 1990 approximately \$148 million of research and development costs were charged to operations and \$16 million

were capitalized (1989 - \$112 million and \$10 million, respectively).

15. Comparative figures

Certain of the 1989 comparative figures in the statement of source of cash used for investment in fixed assets have been

reclassified to conform with the 1990 financial statement presentation.

ONTARIO HYDRO

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of Ontario Hydro are the responsibility of management and have been prepared in accordance with accounting principles generally accepted in Canada, applied on a basis consistent with that of the preceding year. The significant accounting policies followed by Ontario Hydro are described in the Summary of Significant Accounting Policies. The preparation of financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. The financial statements have been properly prepared within reasonable limits of materiality and in light of information available up to March 11, 1991. The information presented elsewhere in the Annual Report is consistent with that in the financial statements.

Management maintains a system of internal controls designed to provide reasonable assurance that the assets are safeguarded and that reliable financial information is available on a timely basis. The system includes formal policies and procedures and an organizational structure that provides for appropriate delegation of authority and segregation of responsibilities. An internal audit function independently evaluates the effectiveness of these internal controls on an ongoing basis and reports its findings to management and the Audit Committee of the Board of Directors.

The financial statements have been examined by Ernst & Young, independent external auditors appointed by the Lieutenant Governor in Council of Ontario. The external

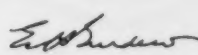
auditors' responsibility is to express their opinion on whether the financial statements are fairly presented in accordance with generally accepted accounting principles. The Auditors' Report, which appears below, outlines the scope of their examination and their opinion.

The Board of Directors, through the Audit Committee, is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal controls. The Audit Committee meets periodically with management, the internal auditors and the external auditors to satisfy itself that each group has properly discharged its respective responsibility, and to review the financial statements before recommending approval by the Board of Directors. The external auditors have direct and full access to the Audit Committee, with and without the presence of management, to discuss their audit and their findings as to the integrity of Ontario Hydro's financial reporting and the effectiveness of the system of internal controls.

On behalf of Management



Chairman, President
and Chief Executive Officer



Senior Vice-President
Finance and Services

Toronto, Canada,
March 11, 1991

AUDITORS' REPORT

To the Board of Directors of Ontario Hydro:

We have audited the statement of financial position of Ontario Hydro as at December 31, 1990 and the statements of operations, accumulated debt retirement appropriations, reserve for stabilization of rates and contingencies and source of cash used for investment in fixed assets for the year then ended. These financial statements are the responsibility of Ontario Hydro's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the

accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of Ontario Hydro as at December 31, 1990 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.



Toronto, Canada,
March 11, 1991

Chartered Accountants

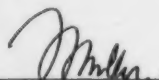
ONTARIO INTERNATIONAL CORPORATION

Balance Sheet
as at March 31, 1991

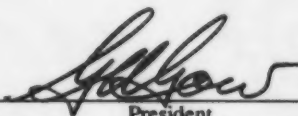
	1991 (\$000's)	1990 (\$000's)
Assets		
Cash	739	335
Accounts receivable and accrued interest	<u>11</u>	<u>179</u>
	<u>750</u>	<u>514</u>
Liabilities		
Accounts payable and accrued liabilities	312	118
Equity		
Retained income	358	316
Contribution from the Province of Ontario (note 3)	<u>80</u>	<u>80</u>
	<u>438</u>	<u>396</u>
	<u>750</u>	<u>514</u>

See accompanying notes to financial statements.

On behalf of the Corporation.



Chairman



President

ONTARIO INTERNATIONAL CORPORATION

Statement of Operations and Retained Income
for the year ended March 31, 1991

	1991 (\$000's)	1990 (\$000's)
Contract revenue (note 4)	1,371	1,962
Contract expenditure (note 4)	<u>1,381</u>	<u>1,953</u>
	(10)	9
Administrative expenses		
Salaries and benefits	1,731	1,618
Transportation and communication	394	390
Services	315	323
Supplies and equipment	82	96
Trade Expansion Fund - forgivable loans	1,334	1,460
Ambassador Program	<u>38</u>	<u>48</u>
	<u>3,894</u>	<u>3,935</u>
Loss from operations	<u>3,904</u>	<u>3,926</u>
Other income	52	56
Recovery from the Province of Ontario (note 5)	<u>3,894</u>	<u>3,935</u>
	<u>3,946</u>	<u>3,991</u>
Net income	42	65
Retained income, beginning of year	<u>316</u>	<u>251</u>
Retained income, end of year	<u>358</u>	<u>316</u>

See accompanying notes to financial statements.

ONTARIO INTERNATIONAL CORPORATION

Notes to Financial Statements
March 31, 1991

1. PURPOSE OF THE CORPORATION

The Ontario International Corporation was established:

- to assist the private sector in Ontario to sell its consulting expertise, capital goods and training services in the world's markets;
- to promote and support the marketing of Ontario's public sector expertise and systems internationally in conjunction with the private sector; and
- to provide intergovernmental contact and an Ontario government presence in support of the export of professional services and goods associated with capital projects.

2. SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles except for fixed assets which are expensed when purchased, and administrative expenses which are recognized on a cash basis modified to allow an additional twenty-four days to pay for debts pertaining to the fiscal year just ended.

3. CONTRIBUTION FROM THE PROVINCE OF ONTARIO

The contribution from the Province of Ontario relates to the net assets acquired from the Ontario Educational Services Corporation for which no consideration was paid.

4. CONTRACT REVENUE AND EXPENDITURE

In instances where government-to-government contracts provide a competitive advantage, the Corporation acts as a prime contractor on behalf of Ontario exporters. Contract revenue and expenditure relate to moneys received under these contracts and payment of these funds to Ontario exporters respectively.

5. RECOVERY FROM THE PROVINCE OF ONTARIO

Administrative expenses, Trade Expansion Fund forgivable loans and the Ambassador Program are recovered from the Ministry of Industry, Trade and Technology out of moneys appropriated therefor by the Legislature of the Province of Ontario.

6. PENSION PLAN

The Corporation provides pension benefits for its permanent employees through participation in the Public Service Pension Fund established by the Province of Ontario. The Corporation's share of contributions to the Fund during the year was \$110,000 (1990 - \$78,000) and is included in salaries and benefits in the Statement of Operations and Retained Income. This amount includes current contributions and additional payments required to cover the Corporation's share of the Fund's estimated unfunded liabilities on January 1, 1990. These additional payments will continue over the next 39 years.

ONTARIO INTERNATIONAL CORPORATION

Notes to Financial Statements
March 31, 1991

7. COMMITMENTS

Forgivable loans committed but not disbursed as at March 31, 1991, amounted to \$1.1 million (1990 - \$1 million). Disbursement of these loans is subject to the satisfactory completion by loan applicants of their agreements with the Corporation.

8. FUTURE OPERATIONS

Present enabling legislation expires December 31, 1991. Continued operations of the Corporation are dependent upon future legislation.

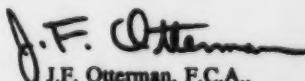
To the Ontario International Corporation and
to the Minister of Industry, Trade and Technology.

I have audited the balance sheet of Ontario International Corporation as at March 31, 1991 and the statement of operations and retained income for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the company as at March 31, 1991, and the results of its operations for the year then ended in accordance with the accounting policies described in Note 2.

Toronto, Ontario,
July 22, 1991.


J.F. Otterman, F.C.A.,
Assistant Provincial Auditor

THE ONTARIO JUNIOR FARMER ESTABLISHMENT LOAN CORPORATION

Balance Sheet
as at March 31, 1991

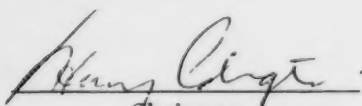
	1991 \$	1990 \$
Assets		
Cash		
- general	30,835	73,950
- funds held in trust	107,231	87,046
Mortgage loans		
- interest due and accrued	656,780	753,402
- principal	<u>15,871,195</u>	<u>18,945,248</u>
	<u>16,666,041</u>	<u>19,859,646</u>

Liabilities

Funds held in trust	107,231	87,046
Capital advances due to the Treasurer of Ontario including accrued interest	<u>16,558,810</u>	<u>19,772,600</u>
	<u>16,666,041</u>	<u>19,859,646</u>

See accompanying notes to financial statements.

On behalf of the Board:


Chairman


Vice-Chairman

THE ONTARIO JUNIOR FARMER ESTABLISHMENT LOAN CORPORATION

Statement of Operations
for the year ended March 31, 1991

	1991 \$	1990 \$
Revenue		
Mortgage interest (note 3)	868,588	1,045,133
Miscellaneous	<u>7,543</u>	<u>7,803</u>
	876,131	1,052,936
Expense (note 4)		
Interest on capital advances - Treasurer of Ontario (note 3)	<u>1,186,209</u>	<u>1,422,600</u>
Operating loss for the year	<u>310,078</u>	<u>369,664</u>
Contribution by the Treasurer of Ontario (note 5)	<u>310,078</u>	<u>369,664</u>

See accompanying notes to financial statements.

THE ONTARIO JUNIOR FARMER ESTABLISHMENT LOAN CORPORATION

Notes to Financial Statements
March 31, 1991

1. STATUS OF CORPORATION

The Corporation has not accepted any new mortgage loan applications since 1969 and the final mortgage instalments on outstanding loans are payable in 1999.

2. BASIS OF ACCOUNTING

The financial statements have been prepared by management in accordance with generally accepted accounting principles.

3. INTEREST ON MORTGAGES AND CAPITAL ADVANCES

Interest earned by the Corporation on its mortgage loans is fixed by legislation and averages approximately 5 per cent per annum. Interest payable by the Corporation on capital advances from the Treasurer of Ontario has been established by the Treasurer of Ontario at 6.7 per cent. This interest differential is the reason for the Corporation's operating loss.

4. ADMINISTRATION EXPENSES

Salaries of the Corporation's staff and sundry administrative costs have been absorbed by the Ministry of Agriculture and Food and are not included in the statement of operations.

5. CONTRIBUTION BY THE TREASURER OF ONTARIO

The cost of the loan program, which is represented by the net operating loss for the year, is paid out of moneys appropriated therefor by the Legislature.

THE ONTARIO JUNIOR FARMER ESTABLISHMENT LOAN CORPORATION

PROVINCIAL AUDITOR'S REPORT

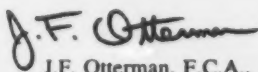
To the Ontario Junior Farmer Establishment Loan Corporation,
to the Minister of Agriculture and Food, and
to the Treasurer of Ontario.

I have audited the balance sheet of the Ontario Junior Farmer Establishment Loan Corporation as at March 31, 1991 and the statement of operations for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1991 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

Toronto, Ontario,
May 17, 1991.



J.F. Otterman, F.C.A.,
Assistant Provincial Auditor

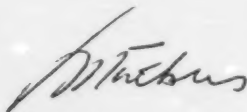
ONTARIO LOTTERY CORPORATION

Balance Sheet
as at March 31, 1991

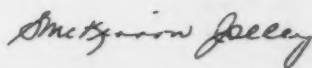
	1991	1990
	(\$000's)	(\$000's)
Assets		
Cash	20,879	15,377
Prize funds on deposit	63,505	59,398
Due from Interprovincial Lottery Corporation	2,830	-
Accrued interest	1,055	1,115
Accounts receivable	7,320	7,148
Prepaid expenses	1,709	4,567
	97,298	87,605
Liabilities		
Prize money unclaimed	63,505	59,398
Net profits due to Treasurer of Ontario	666	2,613
Accounts payable and accrued liabilities	13,331	11,647
Due to Interprovincial Lottery Corporation	-	2,691
Due to Government of Canada	5,910	-
Deferred income	13,886	11,256
Commitments (note 5)		
	97,298	87,605

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

ONTARIO LOTTERY CORPORATION

Statement of Operations
for the year ended March 31, 1991

	1991	1990
	(\$000's)	(\$000's)
Sales		
Cash ticket sales	1,350,815	1,319,623
Free tickets	28,394	63,833
	1,379,209	1,383,456
Prize and Commissions		
Prizes	639,939	619,445
Free tickets	28,394	63,833
Commissions - retailers and distributors	100,872	101,215
	769,205	784,493
Sales Less Prizes and Commissions	610,004	598,963
Operating Expenses		
Administration and other expenses	61,843	48,254
Advertising	33,998	26,213
Capital expenditures	10,988	7,993
Ticket printing	24,901	18,199
	131,730	100,659
Operating Income	478,274	498,304
Interest Income	12,226	9,785
Net Profits	490,500	508,089

See accompanying notes to financial statements.

ONTARIO LOTTERY CORPORATION

Statement of Net Profits Due to Treasurer of Ontario
for the year ended March 31, 1991

	1991	1990
	(\$000's)	(\$000's)
Balance, beginning of year	2,613	1,835
Net profits	490,500	508,089
	493,113	509,924
Less: Payments to Treasurer of Ontario (note 3)	470,000	491,000
Payments to Government of Canada		
- on behalf of the Province of Ontario (note 4)	17,126	16,311
- Goods and Services Tax	5,321	-
Balance, end of year	666	2,613

See accompanying notes to financial statements.

ONTARIO LOTTERY CORPORATION

Notes to Financial Statements
March 31, 1991**1. Nature of the Corporation**

The Ontario Lottery Corporation was incorporated without share capital on February 6, 1975 pursuant to the Ontario Lottery Corporation Act. The Corporation is responsible for the conduct and management of lottery games in Ontario. The Wintario EXTRA, Lottario, Instant, Encore, Pick 3, and Cleansweep lotteries are conducted solely by the Corporation, whereas, the Provincial, Special Events and Lotto 6/49 lotteries are joint undertakings by all Provinces acting through the Interprovincial Lottery Corporation.

2. Significant Accounting Policies**(a) Basis of Accounting**

The Corporation's financial statements are prepared in accordance with generally accepted accounting principles except for capital expenditures which are written off to operations at the time of acquisition.

(b) Revenue Recognition

Revenues are deferred on ticket sales where a draw has not taken place. For Instant games, revenues are recognized when the ticket is sold to the consumer.

3. Distribution of Net Profits

The net profits of the Corporation less payments to the Government of Canada are payable to the Treasurer of Ontario.

4. Payments to Government of Canada

The various provincial lottery corporations make remittances to the Government of Canada under an agreement dated August 1979 made between the Provincial Governments and the Federal Government. The agreement stipulates that the Government of Canada will not participate in the sale of lottery tickets. The Corporation remits the Province of Ontario's share of the above payments to the Interprovincial Lottery Corporation.

5. Commitments

On July 8, 1986, the government announced its intention to relocate the majority of the Corporation's operations to Sault Ste. Marie. It is expected that relocation to Sault Ste. Marie will be completed in 1994. Total costs associated with the move are anticipated to be \$33 million, excluding lease costs included below, of which \$14.3 million has been spent to date.

The Corporation is concluding an agreement for a 20 year lease on premises in Sault Ste. Marie with future minimum rental payments of \$2.6 million each year commencing March 1, 1992.

The Corporation is also concluding a purchase agreement for new On-line Gaming Terminals that will cost \$59 million in capital expenditures over the next four years.

ONTARIO LOTTERY CORPORATION

Notes to Financial Statements
March 31, 1991

6. Income Taxes

As a Crown corporation of the Province of Ontario, the Corporation is exempted from income taxes. Accordingly, no provision for income taxes is made in the financial statements.

7. Comparative Figures

Certain amounts at March 31, 1990, have been reclassified to conform with the financial statements presentation adopted at March 31, 1991.

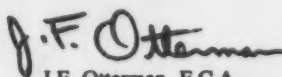
To the Board of Directors of the Ontario Lottery Corporation
and to the Minister of Tourism and Recreation.

I have audited the balance sheet of the Ontario Lottery Corporation as at March 31, 1991 and the statements of operations and net profits due to Treasurer of Ontario for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1991 and the results of its operations for the year then ended in accordance with the accounting policy described in note 2(a) to the financial statements.

Toronto, Ontario,
June 19, 1991.


J.F. Otterman, F.C.A.,
Assistant Provincial Auditor

ONTARIO MORTGAGE CORPORATION

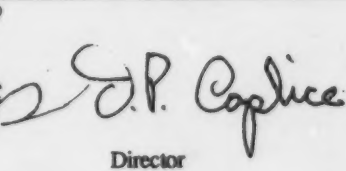
Balance Sheet

As at March 31

	1991 \$	1990 \$
	[000's]	
ASSETS		
Mortgages [note 2]	10,945	11,680
Real estate [note 3]	777	913
Cash	2,577	2,801
Accounts receivable	504	449
	14,803	15,843
LIABILITIES AND SHAREHOLDER'S EQUITY		
Accounts payable and accrued liabilities	222	271
Dividends payable to the Treasurer of Ontario	778	1,033
Total liabilities	1,000	1,304
Shareholder's equity		
Capital stock [note 5]		
Authorized and issued		
10 common shares with no par value	—	—
Contributed surplus	8,170	8,906
Retained earnings	5,633	5,633
Total shareholder's equity	13,803	14,539
	14,803	15,843

See accompanying notes

On behalf of the Board:

Director

Director

ONTARIO MORTGAGE CORPORATION

Statement of Earnings

Year ended March 31

	1991 \$	1990 \$
	[000's]	
REVENUE		
Interest on mortgages	1,260	1,383
Bank interest	385	463
Reduction in mortgage allowance and reserve [note 2]	146	325
Gain on sale of acquired properties	45	556
Administration fees	52	78
	1,888	2,805
EXPENSES		
Mortgage administration fees	124	148
Net earnings for the year	1,764	2,657

See accompanying notes

ONTARIO MORTGAGE CORPORATION

Statement of Contributed Surplus

Year ended March 31

	1991 \$	1990 \$ [000's]
Balance, beginning of year	8,906	10,205
Return of contributed surplus to the Treasurer of Ontario	(736)	(1,299)
Balance, end of year	8,170	8,906

STATEMENT OF RETAINED EARNINGS

Year ended March 31

	1991 \$	1990 \$ [000's]
Balance, beginning of year	5,633	6,068
Net earnings for the year	1,764	2,657
Dividends declared to the Treasurer of Ontario	(1,764)	(3,092)
Balance, end of year	5,633	5,633

See accompanying notes

ONTARIO MORTGAGE CORPORATION

Notes to Financial Statements

March 31, 1991

1. SIGNIFICANT ACCOUNTING POLICIES

Ontario Mortgage Corporation [the "Corporation"] was incorporated under the Corporations Act in 1948 and remained active until April 1, 1982, at which time its assets, liabilities and shareholder's equity were transferred to Ontario Land Corporation ["OLC"]. OLC ceased active operations on March 31, 1987, at which time the Corporation was reactivated under the Ontario Business Corporations Act and certain assets and liabilities of OLC were transferred to it. All outstanding shares of the Corporation are now held in trust for the Crown in the Right of the Province of Ontario [the "Province"]. The Corporation returns excess funds to the Province in the form of quarterly dividends from profits and return of contributed surplus from repayments of principal.

In response to government policy, the Corporation sold the majority of its mortgage portfolio during the year ended March 31, 1988. Portions of the remaining portfolio may be sold in the future. The Corporation has entered into an agreement with the Canada Mortgage and Housing Corporation to administer the remaining mortgages.

The Corporation administers certain housing incentive programs as an agent of the Province. Advances under these programs are reflected in the Public Accounts but are not included in the accounts of the Corporation. The Corporation also administers 1,819 land leases [744 residential and 1,075 commercial] on behalf of the Ministry of Government Services and a portfolio of second mortgages on behalf of the Province. Mortgage administration fees related to these mortgages are shown as expenses of the Corporation.

Salaries, benefits and other administrative expenses of the Corporation are absorbed by the Ministry of Government Services.

Mortgages

Mortgages are carried at principal amount outstanding plus accrued interest less allowance and reserve for losses.

Real estate

Cost of real estate acquired upon default of mortgage loans consists of the unpaid mortgage balances together with operating costs net of rent received. These properties are subsequently sold with the intention of recovering the value of the related mortgages.

Revenue recognition

Revenue from the sale of real estate is recognized when title passes to the purchaser.

ONTARIO MORTGAGE CORPORATION

Notes to Financial Statements

March 31, 1991

2. MORTGAGES

Mortgages consist of the following:

	1991 \$	1990 \$ [000's]
Uninsured	13,726	14,569
Insured under the National Housing Act	133	171
Total	13,859	14,740
Mortgage allowance and reserve	(2,914)	(3,060)
	10,945	11,680

Mortgages remaining at March 31, 1991 consist of \$7,298,999 first mortgages [144 units; 1990 - 166 units] and \$6,559,261 second mortgages [485 units; 1990 - 549 units]. Maturity dates range up to 20 years on the first mortgages and up to 32 years on the second mortgages. Interest rates range from 8% to 14.25%.

3. REAL ESTATE

The Corporation holds 48 [1990 - 49] acquired properties as a result of default by mortgagors. These properties consist of townhouses, condominium apartments and single family homes.

4. STATEMENT OF CHANGES IN FINANCIAL POSITION

A separate statement of changes in financial position has not been prepared since cash flows from operating, investing and financing activities are readily apparent from the other financial statements.

5. CAPITAL STOCK

Capital stock has a legal stated value of \$1 per share.

6. COMPARATIVE FIGURES

Certain of the 1990 comparative figures in note 2 to the financial statements have been reclassified to conform to the presentation adopted in the current year.

ONTARIO MORTGAGE CORPORATION

AUDITORS' REPORT

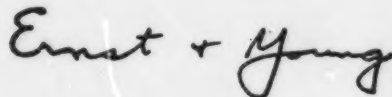
To the Directors of
Ontario Mortgage Corporation and the
Minister of Government Services

We have audited the balance sheet of **Ontario Mortgage Corporation** as at March 31, 1991 and the statements of earnings, contributed surplus and retained earnings for the year then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

The financial statements for the preceding year were audited by the Provincial Auditor.



Toronto, Canada,
May 24, 1991.

Chartered Accountants

THE ONTARIO MUNICIPAL IMPROVEMENT CORPORATION

Balance Sheet
as at March 31, 1991

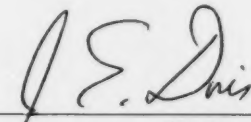
ASSETS	1991 (\$000's)	1990 (\$000's)
Cash	6	5
Accrued interest on investments	477	329
Long term investments, at cost (schedule)	15,786	13,093
	<u>16,269</u>	<u>13,427</u>
LIABILITIES		
Accrued interest on borrowings	477	329
Due to:		
— Treasurer of Ontario	10,636	13,098
— Canada Pension Plan Investment Fund (note 1)	5,156	—
	<u>16,269</u>	<u>13,427</u>

See accompanying schedule and notes to financial statements.

Approved on behalf of the Corporation:



 Chair



 Member

Statement of Revenue and Expenditure
for the year ended March 31, 1991

	1991 (\$000's)	1990 (\$000's)
REVENUE		
Interest on investments	<u>1,630</u>	<u>1,578</u>
EXPENDITURE		
Interest on borrowings		
— Treasurer of Ontario (note 2)	1,327	1,578
— Canada Pension Plan Investment Fund (note 1)	303	—
	<u>1,630</u>	<u>1,578</u>

See accompanying schedule and notes to financial statements.

THE ONTARIO MUNICIPAL IMPROVEMENT CORPORATION

SCHEDULE

Long Term Investments in Municipal and School Board Debentures
as at March 31, 1991

Analysis by Rate of Interest			Analysis by Years of Maturity		
Interest Rate %	Principal 1991 (\$000's)	Principal 1990 (\$000's)	Years of Maturity March 31	Principal 1991 (\$000's)	Principal 1990 (\$000's)
7.00- 8.99	853	1,409	1991		2,424
9.00-10.99	7,254	5,708	1992	2,120	2,128
11.00-12.99	5,363	3,441	1993	1,780	1,785
13.00-19.25	2,316	2,535	1994	1,602	1,607
	<u>15,786</u>	<u>13,093</u>	1995	1,545	1,549
			1996	1,074	
			1- 5 years	8,121	9,493
			6-10 years	1,816	2,557
			11-15 years	653	991
			16-20 years	5,187	35
			21-25 years	9	17
				<u>15,786</u>	<u>13,093</u>

Notes to Financial Statements
March 31, 1991

1. CANADA PENSION PLAN INVESTMENT FUND BORROWINGS

The Canada Pension Plan Investment Fund borrowings are repayable 20 years from the date of issuance of the debentures. The Corporation is authorized to borrow up to \$200 million from the Fund and repayment is guaranteed by the Treasurer of Ontario. Interest is payable semi-annually at various individual debenture rates ranging from 10.46% to 11.04%.

2. INTEREST ON ADVANCES

Pursuant to Order in Council 775/77, interest payable by the Corporation on advances from the Treasurer of Ontario is an amount equal to the excess of revenue over expenditure for the fiscal year.

3. ADMINISTRATION EXPENSE

The cost of administration has been provided by the Ministry of Treasury and Economics without charge to the Corporation.

To The Ontario Municipal Improvement Corporation
and to the Treasurer of Ontario.

I have audited the balance sheet of The Ontario Municipal Improvement Corporation as at March 31, 1991 and the statement of revenue and expenditure for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1991, and the results of its operations for the year then ended in accordance with generally accepted accounting principles.


J.F. Otterman, F.C.A.,
Assistant Provincial Auditor.

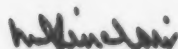
Toronto, Ontario,
June 3, 1991.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

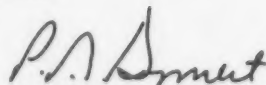
Consolidated Balance Sheet
as at December 31, 1990
(dollars in thousands)

Assets		1990	1989
		\$	\$
Current Assets	Cash and short-term investments	943	8,374
	Accounts receivable	23,893	17,119
	Materials and supplies	11,880	12,869
	Prepaid expenses	730	527
		<u>37,446</u>	<u>38,889</u>
Long-Term Investments	Government bonds (market value \$1,993; 1989 - \$24,727)	1,997	24,530
		<u>1,997</u>	<u>24,530</u>
Other Assets	Self-insurance fund (note 2) (market value \$3,189; 1989 - \$2,898)	3,244	2,832
	Bus franchises	268	298
	Investment in Telesat	150	150
	Goodwill	400	500
	Deferred pension charge (note 3)	6,176	5,371
		<u>10,238</u>	<u>9,151</u>
Investment in Property (schedule 1)		226,883	207,918
		<u>276,564</u>	<u>280,488</u>

Approved on behalf of the Commission:



M.D. Sinclair
Chairman



P.A. Dymant
President and CEO

See accompanying schedules and notes to consolidated financial statements.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

Consolidated Balance Sheet
as at December 31, 1990
(dollars in thousands)

Liabilities and Equity		1990 \$	1989 \$
Current Liabilities	Accounts payable and accrued charges	14,386	20,107
Deferred Revenue (note 4)		856	994
Provision for Self-Insurance (note 2)		3,244	2,832
Long-Term Debt	Loan from Province of Ontario, non-interest bearing and with no specific terms of repayment	35,208	35,208
Province of Ontario Equity	Contributed surplus	13,828	16,094
	Retained earnings	209,042	205,253
		222,870	221,347
		276,564	280,488

See accompanying schedules and notes to consolidated financial statements.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

Consolidated Statement of Income and Retained Earnings
for the year ended December, 31, 1990
(dollars in thousands)

	1990 \$	1989 \$
Operating Revenues (schedule 2)	137,090	142,573
Operating Expenses (schedule 2)	131,400	128,437
Operating Income	5,690	14,136
Investment Income	3,414	4,773
Interest Expense	(138)	(142)
Retirement Incentive (note 5)	(5,177)	-
Net Income for the year	3,789	18,767
Retained Earnings, beginning of year	205,253	186,486
Retained Earnings, end of year	209,042	205,253

See accompanying schedules and notes to consolidated financial statements.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

Consolidated Statement of Contributed Surplus
for the year ended December, 31, 1990
(dollars in thousands)

	1990 \$	1989 \$
Balance, beginning of year	16,094	18,358
Add: Marine Services (Moosonee) barge upgrade	-	150
	16,094	18,508
Less: Depreciation	2,266	2,414
	13,828	16,094

See accompanying schedules and notes to consolidated financial statements.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

Consolidated Statement of Changes in Financial Position
for the year ended December, 31, 1990
(dollars in thousands)

		1990 \$	1989 \$
Operating Activities	Net income for the year	3,789	18,767
	Items not affecting cash:		
	Depreciation	7,621	6,655
	Amortization and loss on sale (gain on sale) of bonds	308	(345)
	Increase in accounts receivable	(6,774)	(351)
	Decrease (increase) in materials and supplies and prepaid expenses	786	(123)
	Decrease in accounts payable	(5,721)	(3,084)
	Amortization of deferred revenue	(138)	(82)
	Increase in deferred pension charge	(805)	(745)
		(934)	20,692
Financing Activities	Capital reimbursement from the Province	-	150
Investing Activities	Investment in fixed assets	(29,789)	(32,438)
	Purchase of bonds	-	(1,190)
	Proceeds from sale of bonds	22,355	14,944
	Proceeds from sale of fixed assets	937	671
		(6,497)	(18,013)
	Increase (decrease) in cash and short-term investments during the year	(7,431)	2,829
	Cash and short-term investments, beginning of year	8,374	5,545
	Cash and short-term investments, end of year	943	8,374

See accompanying schedules and notes to consolidated financial statements.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

Schedule of Investment in Property
as at December, 31, 1990
(dollars in thousands)

		1990 \$	1989 \$
Rail	Roadway	126,416	121,458
	Buildings	29,826	23,912
	Equipment	56,233	48,221
Telecommunications		64,067	57,096
Buses		3,685	3,162
Boats		967	967
norOntair	Aircraft	15,943	15,943
	Other	3,940	3,940
Star Transfer Limited	Vehicles	2,384	2,169
	Other	1,296	1,185
The Owen Sound Transportation Company, Limited	Vessels	19,811	19,811
	Other	385	381
		324,953	298,245
Less: accumulated depreciation		124,140	114,947
		200,813	183,298
Under construction		26,070	24,620
Investment in property		226,883	207,918

See accompanying schedules and notes to consolidated financial statements.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

Schedule of Operating Revenues and Expenses
for the year ended December, 31, 1990
(dollars in thousands)

		1990 \$	1989 \$
Rail Services	Sales Revenue	42,985	52,210
	Government Reimbursement (note 6)	18,233	20,256
	Total Revenue	61,218	72,466
	Expense	66,376	71,065
	Income (loss) from operations	(5,158)	1,401
Telecommunications	Sales Revenue (note 7)	42,069	39,337
	Expense	28,843	26,703
	Income from operations	13,226	12,634
Air Services	Sales Revenue	12,492	10,203
	Government Reimbursement (note 6)	4,000	4,500
	Total Revenue	16,492	14,703
	Expense	15,553	12,674
	Income from operations	939	2,029
Transport/Express Services	Sales Revenue	4,773	5,328
	Expense	6,619	6,450
	Loss from operations	(1,846)	(1,122)
Marine Services (Owen Sound)	Sales Revenue	5,127	5,126
	Government Reimbursement (note 6)	1,400	-
	Total Revenue	6,527	5,126
	Expense	7,423	5,608
	Loss from operations	(896)	(482)

See accompanying schedules and notes to consolidated financial statements.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

Schedule of Operating Revenues and Expenses
for the year ended December, 31, 1990
(dollars in thousands)

		1990 \$	1989 \$
Bus Services	Sales Revenue	5,358	5,086
	Expense	5,622	5,165
	Loss from operations	(264)	(79)
Marine Services (North Bay)	Sales Revenue	338	283
	Expense	653	506
	Loss from operations	(315)	(223)
Marine Services (Moosonee)	Sales Revenue	103	85
	Government Reimbursement (note 6)	62	62
	Total Revenue	165	147
	Expense	172	155
	Loss from operations	(7)	(8)
Tourist Facilities (Hannah Bay)	Sales Revenue	150	97
	Expense	139	111
	Income (loss) from operations	11	(14)
Total Operations	Sales Revenue	113,395	117,755
	Government Reimbursement (note 6)	23,695	24,818
	Total Revenue	137,090	142,573
	Expense	131,400	128,437
	Income from operations	5,690	14,136

See accompanying schedules and notes to consolidated financial statements.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

Notes to Consolidated Financial Statements
December 31, 1990

1. SIGNIFICANT ACCOUNTING POLICIES**(a) Basis of accounting**

These consolidated financial statements are prepared by management in accordance with generally accepted accounting principles. They include the accounts of the Commission and its wholly-owned subsidiaries, Star Transfer Limited, the Owen Sound Transportation Company, Limited, Air-Dale Limited and Nipissing Central Railway Company.

(b) Materials and supplies

With the exception of used rail, all materials and supplies are valued at the most recent price paid. Used rail is shown at estimated utility value.

(c) Long-term investments

Long-term investments are stated at acquisition cost, net of any unamortized bond discount or premium.

(d) Investment in property and depreciation

Fixed assets are stated at acquisition cost.

Depreciation is calculated on the straight-line basis over the estimated service lives of the assets.

The estimated service lives used for principal categories of assets are as follows:

Roadway-main line and branches	20 to 50 years
Railway diesel locomotives	25 years
Railway cars	33 years
Vessels	30 years
Telecommunications equipment	15 years
Aircraft	10 years
Boats	20 years
Vehicles	3 years
Buses	10 years

The Province of Ontario reimburses the Commission for the cost of certain fixed assets purchased for use in operations designated as non-commercial by the Province. The Commission records these assets at their original cost together with an offsetting credit to Contributed Surplus. Annual depreciation on these fixed assets is recorded as a reduction of Contributed Surplus.

(e) Other assets

Bus franchises and goodwill are stated at unamortized acquisition cost and amortization is calculated on the straight-line basis over 10 years. The self-insurance fund and the investment in Telesat are stated at acquisition cost.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

Notes to Consolidated Financial Statements
December 31, 1990

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**(f) Income taxes**

As an agency of the Province of Ontario, the Commission is exempt from income taxes. This exemption extends to its wholly-owned subsidiaries, and accordingly no tax provision is recorded in these financial statements.

(g) Vacation pay

The Commission accounts for vacation entitlement payments on a cash basis. There is no accrual at the end of the year for vacation entitlements earned but not paid. Had these amounts been included in the accounts current liabilities would have increased by approximately \$4,112,000 (1989 - \$4,480,000) along with a corresponding decrease in retained earnings.

2. SELF-INSURANCE FUND

The Commission follows the policy of self-insuring for damages from rolling stock derailments and for cargo damage. Annual contributions to the self-insurance fund consists of a \$100,000 premium paid by the Commission in addition to investment income earned on fund assets.

3. PENSION PLAN

The Commission is the trustee for its contributory pension plan which covers all permanent staff.

The net cost of pension benefits is actuarially determined on the basis of management's best estimates using the projected benefit method pro-rated over the service lives of employees. The net cost of pension benefits includes the amortization over the remaining service lives of the plan members of the initial net pension surplus and the 1990 experience gain. Pension plan assets were valued at a market related value based on recognizing the difference between book and market values at each year end over a five year period.

The Commission's share of the net cost of pension benefits earned by employees during the year was \$1,397,000 (1989 - \$1,496,000). In 1990, the Commission funded the amount of \$2,202,000 (1989 - \$2,241,000). The excess of the funded amount over the net cost of benefits earned is recorded as a Deferred Pension Charge on the Balance Sheet.

The actuarial valuation prepared for accounting purposes as at December 31, 1990 disclosed a surplus of \$12,984,000 (1989 - \$19,331,000) representing the excess of plan assets of \$206,230,000 (1989 - \$207,243,000) over accrued pension benefits of \$193,246,000 (1989 - \$187,912,000). This valuation assumed an expected rate of return on plan assets of 7 1/2 per cent and projected pay increases of 5 1/2 per cent.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

Notes to Consolidated Financial Statements
December 31, 1990

4. DEFERRED REVENUE

In 1985, the Commission received \$1,740,000 as full settlement for revenue lost through the rerouting of certain long distance telephone traffic. This amount is being amortized to income over the eight remaining years of the original agreement.

5. RETIREMENT INCENTIVE

During the year, one of the Commission's major customers closed its mining operations at two mines located in Northern Ontario. In connection with this closure, incentives to retire were extended to a number of the Commission's employees. A total of 107 employees accepted the offer at a cost of \$5,177,000.

6. GOVERNMENT REIMBURSEMENT

In accordance with a Memorandum of Understanding between the Commission and the Ministry of Northern Development and Mines, certain operations of the Commission have been designated as non-commercial. The Commission and the Ministry entered into a fixed price contract which defined the amount of compensation which the Province of Ontario provided for the year 1990.

A portion of the amount for the operating loss of the weekday passenger train service between North Bay and Toronto is received from the National Transportation Agency of Canada under Section 261 of the Railway Act.

Details of Government Reimbursement received are as follows:

	1990 \$	1989 \$
From Province of Ontario:		
Rail - Passenger Service and Moosonee Branch	16,235,000	17,810,000
Air Services	4,000,000	4,500,000
Marine Services (Moosonee)	62,000	62,000
Marine Services (Owen Sound)	1,400,000	-
From National Transportation Agency	1,998,000	2,446,000
	23,695,000	24,818,000

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

Notes to Consolidated Financial Statements
December 31, 1990

7. TELECOMMUNICATION REVENUE AGREEMENTS

The Commission has revenue-sharing agreements with Bell Canada and Northern Telephone Limited, subsidiaries of Bell Canada Enterprises Inc.. These revenue-sharing agreements may be terminated by either party after giving 180 days and 60 days prior notice, respectively. Approximately 70 per cent (1989 - 73 per cent) of telecommunications revenue depend on these agreements.

8. COMMITMENTS**Rail Line Purchase**

The Commission has entered into an agreement with the Canadian National Railway Company to purchase, for a nominal amount, certain lands, buildings and operations related rail facilities located between Cochrane and Calstock in the Province of Ontario. The agreement has been approved by the National Transportation Agency of Canada, but requires further federal and provincial government approvals before being finalized.

Gray Coach Purchase

The Commission has entered into an agreement to purchase certain assets from Gray Coach Lines Inc. for the sum of \$7 million. The agreement requires certain regulatory and Government of Ontario approvals before being finalized.

9. COMPARATIVE FIGURES

Prior year's figures have been reclassified where necessary to conform to the current year's presentation.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

PROVINCIAL AUDITOR'S REPORT

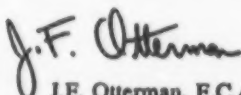
To the Ontario Northland Transportation Commission
and to the Minister of Northern Development.

I have audited the consolidated balance sheet of the Ontario Northland Transportation Commission as at December 31, 1990 and the consolidated statements of income and retained earnings, contributed surplus and changes in financial position for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Commission as at December 31, 1990 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Toronto, Ontario,
March 15, 1991.


J.F. Otterman, F.C.A.,
Assistant Provincial Auditor

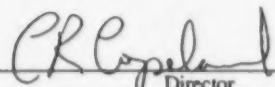
ONTARIO PLACE CORPORATION

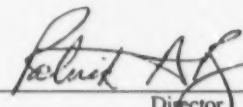
Balance Sheet
as at March 31, 1991

Assets	1991 \$	1990 \$
Current Assets		
Cash and short term deposits	1,487,066	1,845,114
Accounts receivable	92,951	276,087
Inventory		
- supplies	86,195	102,534
- resale	18,527	66,316
Prepaid expenses	<u>63,516</u>	<u>-</u>
	<u>1,748,255</u>	<u>2,290,051</u>
Liabilities and Retained Income		
Current Liabilities		
Accounts payable and accrued liabilities	1,044,637	1,582,565
Accrued realty taxes	251,838	255,130
Deferred income (note 3)	<u>182,525</u>	<u>302,947</u>
	1,479,000	2,140,642
Retained Income	<u>269,255</u>	<u>149,409</u>
	<u>1,748,255</u>	<u>2,290,051</u>

See accompanying notes and schedules to financial statements.

Approved on behalf of the Corporation.


Director


Director

ONTARIO PLACE CORPORATION

Statement of Operations and Retained Income
for the year ended March 31, 1991

	1991 \$	1990 \$
Operating income (Schedule 1)	14,158,615	14,280,284
Province of Ontario operating grant	<u>6,446,800</u>	<u>3,895,100</u>
	<u>20,605,415</u>	<u>18,175,384</u>
Administrative and operating expenditures (Schedule 2)	<u>20,260,754</u>	<u>18,057,275</u>
Net operating income	<u>344,661</u>	<u>118,109</u>
Province of Ontario capital grant	2,895,000	3,342,000
Capital expenditures	<u>(3,119,815)</u>	<u>(3,488,440)</u>
	<u>(224,815)</u>	<u>(146,440)</u>
Net income (loss) for the year	119,846	(28,331)
Retained income, beginning of year	<u>149,409</u>	<u>177,740</u>
Retained income, end of year	<u><u>269,255</u></u>	<u><u>149,409</u></u>

See accompanying notes and schedules to financial statements.

ONTARIO PLACE CORPORATION

Schedule 1
Schedule of Operating Income
for the year ended March 31, 1991

	1991 \$	1990 \$
Fees		
- admissions	6,370,116	5,943,940
- revenue attractions	1,411,993	1,644,197
- parking	1,551,804	1,640,442
Concessions (note 2)	1,666,938	1,833,911
Sponsorship revenue - operating	1,055,000	1,166,250
Gross profit - winter program	616,729	452,915
Marina	599,715	591,440
Interest income	358,507	376,590
Other	<u>527,813</u>	<u>630,599</u>
	<u>14,158,615</u>	<u>14,280,284</u>

Schedule 2
Schedule of Administrative and Operating Expenditures
for the year ended March 31, 1991

Salaries and wages	7,284,121	6,806,347
Employee benefits	863,523	585,146
Programming and entertainment	3,136,197	2,960,142
Advertising	2,138,337	1,727,144
Site maintenance and miscellaneous services	2,226,533	1,785,435
Realty taxes	1,157,702	1,150,000
General and office	1,261,750	1,061,979
Utilities	863,887	806,987
Supplies	641,918	547,252
Security services	450,139	405,283
Films	153,844	144,827
Directors' fees	24,520	13,753
Sponsorship expenditures	<u>58,283</u>	<u>62,980</u>
	<u>20,260,754</u>	<u>18,057,275</u>

See accompanying notes to financial statements.

ONTARIO PLACE CORPORATION

Notes to Financial Statements
March 31, 1991

1. SIGNIFICANT ACCOUNTING POLICIES

- (a) These financial statements have been prepared in accordance with generally accepted accounting principles except that the corporation charges all additions to fixed assets to expenditures in the year of acquisition and credits all capital and special grants to income in the year received.
- (b) Corporate sponsorship revenues are allocated between capital and operating income based on the nature of the expenditure sponsored. All capital expenditures paid for with sponsorship revenues are included with other capital expenditures. Sponsorship expenditures represent costs incurred by the corporation to fulfill obligations of the sponsorship agreements.
- (c) Resale inventory is valued at the lower of cost, determined on a first in first out basis, or net realizable value. Supplies inventory is valued at cost.

2. CONCESSIONS

Concession revenue includes rents from concessionaires and the Trillium Restaurant which is operated by a private firm under a management agreement.

3. DEFERRED INCOME

Deferred income includes marina slip rentals and sponsorship revenue.

4. PENSION PLAN

The Corporation provides pension benefits for its permanent employees through participation in the Public Service Pension Fund established by the province of Ontario. The Corporation's share of contributions to the Fund during the year was \$294,000 (1990 - \$143,000) and is included in employee benefits in the schedule of administrative and operating expenditures. This amount includes current contributions and additional payments required to cover the Corporation's share of the Fund's estimated unfunded liabilities on January 1, 1990. These additional payments, amounting to \$91,000 in the current year, will continue over the next 39 years.

5. CONTINGENT LIABILITIES

In July 1989, the Corporation, former chairman, and two former general managers were named as defendants in an action commenced by a concessionaire. Claimed damages total \$11.5 million. The Corporation has also been named as defendant in two separate actions commenced in April and July of 1991 by concessionaires. Total claimed damages amount to \$3 million. In all three actions the Corporation believes it has a strong case, and is vigorously defending the actions. The costs to the Corporation, if any, cannot be determined at this time.

ONTARIO PLACE CORPORATION
PROVINCIAL AUDITOR'S REPORT

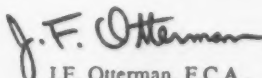
To Ontario Place Corporation and
to the Minister of Tourism and Recreation.

I have audited the balance sheet of Ontario Place Corporation as at March 31, 1991 and the statement of operations and retained income for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1991, and the results of its operations for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements.

Toronto, Ontario,
July 12, 1991.


J.F. Otterman, F.C.A.,
Assistant Provincial Auditor

ONTARIO TEACHERS' PENSION PLAN

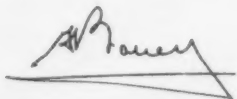
Statement of Net Assets
Available for Benefits

as at December 31, 1990

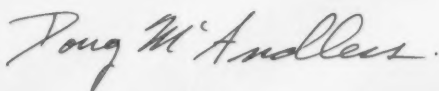
(5000's)	1990	1989
Assets		
Investments (notes 2 and 4)		
Province of Ontario debentures	15,951,972	15,810,450
Money market securities	1,385,161	280,674
Stocks	1,323,477	
Bonds	293,170	
	18,953,780	16,091,124
Receivable from Province of Ontario		
Employer contributions	948,701	660,287
Interest on employer contributions	96,182	77,594
	944,883	737,881
Receivable from employers		5,401
Accrued interest and dividends	502,462	464,384
Cash		27,210
Total assets	20,401,125	17,326,000
Liabilities		
Bank indebtedness	2,534	
Accounts payable and accrued liabilities	13,397	11,381
Payable to brokers	260,862	226,720
Total liabilities	276,793	238,101
Net Assets Available for Benefits	20,124,332	17,087,899

On behalf of the Board

Chairperson



Board Member



ONTARIO TEACHERS' PENSION PLAN

Statement of Changes in Net Assets
Available for Benefits

for the year ended December 31, 1990

(S000's)	1990	1989
Increase in Assets		
Investment Income		
Province of Ontario debentures	1,762,762	1,514,015
Cash and money market securities	188,036	17,722
Stocks	5,896	
Bonds	1,022	
	1,957,716	1,531,737
Contributions (note 7)	1,300,448	781,285
Repayments of refunds	13,342	9,231
Transfers from other plans	19,262	8,544
Total increase in assets	3,290,768	2,330,797
Decrease in Assets		
Decrease in market value of investments	926,357	
Benefits paid (note 8)	741,938	435,098
Refunds of contributions	11,180	7,158
Transfers to other plans	6,816	5,778
Administration expenditures (note 9)	20,303	15,566
Total decrease in assets	1,706,594	463,600
Increase in Net Assets	1,584,174	1,867,197
Net Assets Available for Benefits at Beginning of Year	17,087,899	13,639,352
Adjustment of investments to market value at beginning of year (note 2)	1,452,259	
Transfer of net assets from Superannuation Adjustment Fund account (note 3)		1,581,350
Net Assets Available for Benefits at End of Year	20,124,332	17,087,899

ONTARIO TEACHERS' PENSION PLAN

Notes to Financial Statements
for the year ended December 31, 1990**SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES****(a) Basis of Presentation**

These financial statements are prepared on the going concern basis and present the aggregate financial position of the Ontario Teachers' Pension Plan (the Plan) as a separate financial reporting entity, independent of the sponsor and Plan members. They are prepared to assist Plan members and others in assessing the overall benefit security of the Plan.

(b) Investments

Investments are stated at market value in 1990 and are recorded as of the date of the trade (see note 2). Province of Ontario debentures, which are not marketable, are recorded at estimated market values calculated by discounting cash flows based on year-end market yields of comparable securities. Money market securities are carried at amortized cost, which approximates market value. Bonds and stocks are valued at year-end market prices.

The difference between the market value and the average cost of the investments is reflected in the statement of changes in net assets available for benefits.

Gains and losses on the sale of investments are determined using average cost and are credited or charged to investment income. Dividends are accrued as of the ex-dividend date.

(c) Contributions from the Province of Ontario

Special and interim payments from the Province of Ontario (the Province) on the unfunded liability are recorded in the year in which they are received.

(d) Foreign Currency Translation

Assets and liabilities in foreign currencies are translated into Canadian dollars at the exchange rate prevailing at year end. Investment income is translated at the average monthly rate.

(e) Benefits

Payments for benefits, refunds and transfers are recorded in the year in which they are made.

1. DESCRIPTION OF PLAN

The following description of the Plan is a summary only. For more complete information, reference should be made to the Teachers' Pension Act, 1989 (the Act) and the Pension Benefits Act, 1987.

(a) General

The Plan is a contributory defined benefit pension plan sponsored by the Province and is mandatory for most persons who are eligible to be Plan members. Contributions are made by active members of the Plan, designated private schools and organizations and the Province. The Plan is registered with the Pension Commission of Ontario; registration #0008450.

(b) Funding

Plan benefits are funded by contributions from active members, designated employers and the Province. The determination of the value of the benefits is made on the basis of actuarial valuations (see note 6). Subsection 5(3) of the Act provides that the Province pay any annual cash flow deficiencies after the disposal of all saleable Plan assets.

(c) Retirement Pensions

A retirement pension is available based on the number of years of credited service, best five-year average salary and age of the member at retirement. A member is eligible for a reduced retirement pension from age 55. When the sum of a member's age and service equals 90, an unreduced pension is available at any age.

(d) Disability Pensions

A disability pension is available at any age to a disabled member with a minimum of 10 years of credited service. The type of disability pension is determined by the extent of the disability.

ONTARIO TEACHERS' PENSION PLAN

Notes to Financial Statements
for the year ended December 31, 1990**(e) Death Benefits**

Death benefits are available on the death of a member and may be available on the death of a pensioner. The benefit may take the form of an immediate or deferred pension and/or a lump sum payment.

(f) Withdrawals from the Plan

Subject to the lock-in provisions, withdrawal refunds and transfers, with interest, are available when a member ceases to be employed in education.

(g) Income Taxes

The Plan is a Registered Pension Plan as defined in the Income Tax Act and consequently, the Ontario Teachers' Pension Fund (the Fund) is not subject to income taxes. The Plan's registration number is 03-45785.

(h) Escalation of Benefits

Pension benefits are adjusted for inflation from 1975 at 100 per cent of the Consumer Price Index, subject to a limit of 8 per cent in any one year with any excess carried forward. Some pension benefits for periods before 1975 were increased pursuant to Orders in Council issued prior to 1976.

2. CHANGE IN ACCOUNTING POLICIES

The accounting policies and the basis of presentation for these financial statements were changed in 1990 to reflect the early adoption of generally accepted accounting principles for pension plans. These standards are mandatory for general purpose financial statements for the Plan for 1991. The changes have been applied on a prospective basis and are as follows:

- (a)** The basis of presentation for the financial statements, including the notes, has changed from reporting primarily the net assets of the Fund and related transactions to including information on the associated pension obligations of the Plan.

- (b)** The method of valuation of Province of Ontario debentures has changed from cost to market value.

At January 1, 1990 the excess of market value over cost of the debentures was \$1.452 billion. The corresponding excess at December 31, 1990 was \$484 billion. The change during 1990 of \$968 billion, together with market value changes of other investments acquired during the year, is included in the statement of changes in net assets available for benefits.

3. TEACHERS' PENSION ACT, 1989

Effective December 31, 1989 the Ontario legislature changed the legislation governing the Plan. The Act repealed the former legislation but continued the plan set out in the former act, including the related benefits provided under the Superannuation Adjustment Benefits Act. The terms of the Plan are set out in the Act and Schedule 1. The Schedule became effective January 1, 1990.

The Act also named the Ontario Teachers' Pension Plan Board (the Board) as the plan administrator. The Teachers' Superannuation Fund was continued under a new name, the Ontario Teachers' Pension Fund, as the pension fund maintained to provide plan benefits.

Pursuant to the Act, the assets and liabilities of the Superannuation Adjustment Fund account were transferred to the Plan as of December 31, 1989. The net assets were transferred by the issuance of Province of Ontario debentures in the amount of \$1.581 billion. The net assets available for benefits as of December 31, 1989 include these debentures. The related changes in net assets for 1989 for this account were reported on as a separate entity by the Provincial Auditor of Ontario and are not included in the 1989 comparative figures (see note 12).

The Act requires the investment of assets to meet the obligations of the Plan. Investment in Province of Ontario debentures is no longer required. The Act also increased by 1 per cent the rates of contribution payable by both members and their employers.

ONTARIO TEACHERS' PENSION PLAN

Notes to Financial Statements
for the year ended December 31, 1990

4. INVESTMENTS

	1990		1989
	Market Value	Cost	Cost
Province of Ontario debentures			
Maturing from:			
1990-1995	1,009,590	1,067,286	1,409,967
1996-2000	2,502,880	2,569,150	2,569,150
2001-2005	4,261,094	3,997,833	3,997,833
2006-2010	6,937,676	6,628,500	6,628,500
2011-2012	1,240,732	1,205,000	1,205,000
	15,951,972	15,467,769	15,810,450
Money market securities			
Treasury bills and bankers' acceptances	1,313,161	1,313,161	262,174
Term deposits	72,000	72,000	18,500
	1,385,161	1,385,161	280,674
Stocks			
Canadian	518,509	504,423	
U.S.	804,968	773,317	
	1,323,477	1,277,740	
Bonds Canadian	293,170	294,281	
	18,953,780	18,424,951	16,091,124

The weighted average coupon rate at year end of the Province of Ontario debentures based on cost is 11.25 per cent for 1990 and 1989.

5. OBLIGATIONS FOR PENSION BENEFITS

The present value of accrued pension benefits was determined in accordance with generally accepted accounting principles for pension plans using the projected benefit method prorated on service and the Board's best estimate assumptions. The actuarial method and assumptions differ from those used in the determination of the pension obligations for funding purposes as described in note 6. An actuarial valuation was made as of January 1, 1990, by William M. Mercer Limited, a firm of consulting actuaries, and was then extrapolated to December 31, 1990.

The actuarial present value of benefits as at December 31 and the principal components of changes in actuarial present values during the year were estimated to be:

	1990
Actuarial present value of accrued pension benefits at beginning of year	21,912,000
Interest accrued on benefits	2,309,000
Benefits accrued	930,000
Benefits paid	(760,000)
Actuarial present value of accrued pension benefits at end of year	24,391,000

The assumptions used in determining the actuarial value of accrued pension benefits were developed by reference to expected long-term market conditions. Significant long-term actuarial assumptions used in the valuation were:

	%
Asset rate of return	10.50 for 10 years 9.25 thereafter
Salary escalation rate	6.00
Inflation rate	4.50

The actuarial value of net assets available for benefits has been determined at amounts that reflect long-term market trends (consistent with assumptions underlying the valuation of the accrued pension benefits). This value is obtained by adjusting market values to recognize any difference between the actual and expected returns on the Fund uniformly over five years.

The deficiency of the actuarial value of net assets over the actuarial present value of accrued pension benefits for accounting purposes at year end was as follows:

	1990
Market value of net assets available for benefits	20,124,000
Market value changes not reflected in actuarial value of net assets	709,000
Actuarial value of net assets available for benefits	20,833,000
Actuarial present value of accrued pension benefits	24,391,000
Deficiency of actuarial value of net assets over actuarial present value of accrued pension benefits	3,558,000

ONTARIO TEACHERS' PENSION PLAN

Notes to Financial Statements
for the year ended December 31, 1990**6. FUNDING POLICY**

In accordance with the Act, active members are required to contribute 8.9 per cent of their salary to the Plan.

The Province is required to provide the balance of the funding necessary to ensure that benefits will be fully provided for at retirement, based on a going concern valuation of the Plan as at January 1, 1990. This valuation prepared in accordance with the requirements of the Act and the Pension Benefits Act will, by the nature of the assumptions used, produce an unfunded actuarial liability that is higher than the deficiency determined for accounting purposes as described in note 5.

The unfunded actuarial liability disclosed by this initial valuation will be liquidated by the Province over the 40 years commencing January 1, 1990, by special payments. These monthly payments are estimated as a constant percentage of the projected future earnings upon which benefits are calculated over the next 40 years for all active members of the Plan during that time.

Commencing January 1, 1990, and until the initial valuation is approved by the Pension Commission of Ontario (the Commission), the Province is required to make monthly payments as set out in the Act. Differences between the payments made and those required for this time period will be made up by the Province, with interest, within 15 months of the Commission's approval of the initial valuation. Payments made by the Province during 1990 totalled \$187.3 million.

The Province may prepay the interim monthly payments and the special payments, with the appropriate adjustment for interest.

The Act also requires the determination in the initial valuation of the contribution rate which ensures that future contributions cover future benefits and expenses. For a material difference in the contribution rate, the Lieutenant Governor in Council will amend the Plan.

Any change to the funded status of the Plan disclosed by future going concern valuations will be shared by the Province and certain employers. The Act also provides mechanisms for the alteration of this arrangement if the Province's responsibility for the Plan is changed to one of a joint or sole responsibility assumed with or by the members respectively.

The initial actuarial valuation for funding purposes as of January 1, 1990 has been prepared by William M. Mercer Limited. The valuation is to be filed with the Commission only after the Minister of Education and the Treasurer of Ontario agree to its filing.

7. CONTRIBUTIONS

	(\$'000's)	
	1990	1989
Members - for current service	506,704	351,741
for optional credit	18,639	19,404
Province of Ontario		
current service		
(including interest of \$74,782: 1989: \$57,193)	579,483	404,280
interim payments on unfunded liability	187,275	
Other employers		
for current service	8,347	5,860
	1,300,448	781,285

8. BENEFITS PAID

	(\$'000's)	
	1990	1989
Benefits		
Retirement pensions	673,536	588,129
Disability pensions	20,113	19,037
Death benefits		
survivor pensions	44,420	38,328
lump sum payments	3,869	617
	741,938	646,111
Less recovery from Province of Ontario		
Consolidated Revenue Fund		122,224
Superannuation Adjustment Fund		88,789
account		211,013
Benefits paid	741,938	435,098

ONTARIO TEACHERS' PENSION PLAN

Notes to Financial Statements
for the year ended December 31, 1990

9. ADMINISTRATION EXPENDITURES

	(\$000's)	
	1990	1989
Salaries and benefits	11,246	8,653
Professional consulting services	1,465	897
Office rental	1,340	1,338
Operating & maintenance costs	1,335	1,053
Postage, distribution and advertising	733	446
Office and computer equipment	604	568
Printing and stationery	558	346
Publications & external communications	542	352
Data processing services	514	460
Actuarial services	331	224
Training and development	260	130
Custodial fees	240	
Telecommunications	218	204
Legal fees	181	18
Board and committee remuneration	148	96
Travel	129	108
Audit fees	82	78
Translation services	82	63
Communications consulting services	80	416
Bank services	72	62
Investment management fees	55	
Other	88	54
	20,303	15,566

10. CONTINGENCY

A claim has been made against the Plan because of corrective steps taken by the Board in September 1986 in order to conform to a legal interpretation of the Act. These steps have resulted in the reduction of approximately 1,500 pensions on a prospective basis. The Supreme Court of Ontario has agreed with the Board's interpretation with respect to this claim, but the claimant has appealed. The outcome of the appeal cannot be reasonably determined at this time. Accordingly, no provision for it has been made in the financial statements. Any settlement will be recorded in the year it is made.

11. COMMITMENTS

The Plan is committed under a lease for office premises to the following minimum lease payments:

	(\$000's)
1991	1,344
1992	1,344
1993	1,791
1994	1,791
1995	1,791
1996 to 1997	3,581
	11,642

12. COMPARATIVE FIGURES

The 1989 comparative figures for the statement of net assets available for benefits include the net assets of the Superannuation Adjustment Fund account which were transferred to the Plan as of December 31, 1989. The comparative figures for the statement of changes in net assets do not include the 1989 transactions for this account since the transfer occurred at the end of 1989.

Beginning in 1990, the Act has integrated the Superannuation Adjustment Fund account provisions with the other Plan provisions. The 1990 figures, therefore, include the transactions of the integrated Plan.

Certain comparative figures have also been reclassified to conform with the financial statement presentation adopted for 1990.

ONTARIO TEACHERS' PENSION PLAN

AUDITORS' REPORT

**Auditors' Report
to the Administrator**

We have audited the statement of net assets available for benefits of the Ontario Teachers' Pension Plan as at December 31, 1990 and the statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Plan's administrator. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of

material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the net assets of the Plan available for benefits as at December 31, 1990 and the changes in its net assets available for benefits for the year then ended in accordance with generally accepted accounting principles.

Peat Marwick Thorne

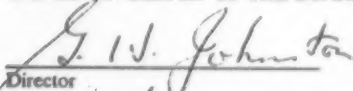
Chartered Accountants
Toronto, Canada
April 19, 1991

THE ONTARIO TRANSPORTATION DEVELOPMENT CORPORATION

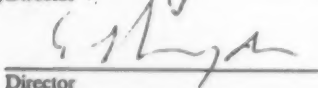
Balance Sheet as at December 31, 1990

	1990	1989
Assets		
Investment In Urban Transportation Development Corporation Ltd. (note 2)	\$ 20,424,000	\$ 20,324,000
Prepaid Interest	-	998,623
Interest Receivable	71,465	-
Due From Urban Transportation Development Corporation Ltd.	-	10,291,129
	<u>\$ 20,495,465</u>	<u>\$ 31,613,752</u>
Liabilities		
Bank Indebtedness (note 3)	1,718,355	363,549,762
Due To Urban Transportation Development Corporation Ltd.	4,708,871	-
	<u>6,427,226</u>	<u>363,549,762</u>
Shareholder's Equity		
Capital Stock		
Authorized -		
50,000 non-voting special shares with no par value		
20,000,000 common shares of no par value		
Issued -		
3,700,000 common shares	11,100,000	11,100,000
Contributed Surplus (note 3)	396,187,524	1,187,524
	<u>407,287,524</u>	<u>12,287,524</u>
Deficit	393,219,285	344,223,534
	<u>14,068,239</u>	<u>331,936,010</u>
	<u>\$ 20,495,465</u>	<u>\$ 31,613,752</u>

SIGNED ON BEHALF OF THE BOARD



Director



Director

THE ONTARIO TRANSPORTATION DEVELOPMENT CORPORATION

Statement of Operations and Deficit
for the year ended December 31, 1990

	1990	1989
Write-Down Of Investment In Urban Transportation Development Corporation Ltd. (note 2)	\$ 4,900,000	\$ 6,119,000
Interest Expense	<u>44,095,751</u>	<u>41,769,546</u>
Loss For the Year	48,995,751	47,888,546
Deficit - Beginning of Year	<u>344,223,534</u>	<u>296,334,988</u>
Deficit - End of Year	<u>\$393,219,285</u>	<u>\$344,223,534</u>

THE ONTARIO TRANSPORTATION DEVELOPMENT CORPORATION

Notes to Financial Statements
for the year ended December 31, 1990**1. Significant Accounting Policies**

The financial statements of the Corporation have been prepared by management in accordance with accounting principles generally accepted in Canada.

Translation of foreign currencies

The Corporation's U.S. bank indebtedness has been converted to Canadian funds at the year end rate of exchange. Urban Transportation Development Corporation Ltd. ("UTDC Ltd.") will assume the current and future gains or losses on the US bank indebtedness of the Corporation.

2. Investment In Urban Transportation Development Corporation Ltd.

During the year, the Corporation invested \$5,000,000 in UTDC Ltd. by subscribing for 50,000 Class A preferred shares.

In view of the financial position of UTDC Ltd., it was considered appropriate to write down the investment to the net equity position as at December 31, 1990.

3. Bank Indebtedness

The Corporation's bank indebtedness is comprised of the following:

	1990	1989
Bankers' acceptances	\$ -	\$ 344,000,000
Bank overdrafts - including \$US 1,635,651 (1989 - \$US 2,432,659)	<u>1,718,356</u>	<u>19,549,762</u>
	<u>\$ 1,718,356</u>	<u>\$ 363,549,762</u>

THE ONTARIO TRANSPORTATION DEVELOPMENT CORPORATION

Notes to Financial Statements
for the year ended December 31, 1990

3. Bank Indebtedness (Cont'd)

During the year, the Corporation received a contribution of \$395,000,000 from the Government of Ontario in order to repay the bank indebtedness.

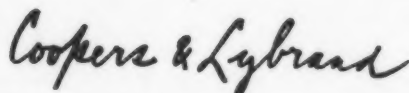
The Government of Ontario continues to guarantee the repayment of the bank indebtedness, including interest thereon, of the Corporation.

AUDITORS' REPORT

We have audited the balance sheet of The Ontario Transportation Development Corporation as at December 31, 1990 and the statement of operations and deficit for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at December 31, 1990 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.



Chartered Accountants

Toronto, Ontario
May 17, 1991

ONTARIO WASTE MANAGEMENT CORPORATION

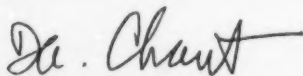
Statement of Financial Position

as at March 31, 1991

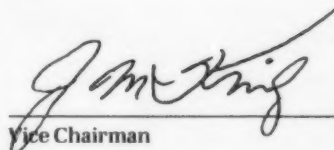
	<u>1991</u> <u>(\$000's)</u>	<u>1990</u> <u>(\$000's)</u>
ASSETS		
Current		
Cash (note 2)	282	461
Sundry receivables	127	43
Prepaid expenses	31	46
	440	550
Fixed (note 3)	630	524
	<u>1,070</u>	<u>1,074</u>
LIABILITIES AND DEFICIT		
Current		
Accounts payable and accrued liabilities	2,097	2,679
Deficit	(1,027)	(1,605)
	<u>1,070</u>	<u>1,074</u>

See accompanying notes to financial statements.

On behalf of the Board:



Chairman



Vice Chairman

ONTARIO WASTE MANAGEMENT CORPORATION

Statement of Operations and Deficit

for the year ended March 31, 1991

	1991	1990
	(\$000's)	(\$000's)
Revenue		
Grants from Province of Ontario	14,400	13,100
Other	289	195
	14,689	13,295
Expenditure		
Hearings	4,558	3,717
Salaries and benefits	3,880	3,329
Facilities development	1,665	1,951
Office and general	1,004	998
Site assessment	987	1,421
Occupancy	631	563
Waste reduction and market assessment	436	501
Management consultants	334	226
Publications	291	383
Depreciation	182	123
Technical communication services	124	48
Directors' fees and expenses	19	12
	14,111	13,272
Excess of revenue over expenditure	578	23
Deficit, beginning of year	(1,605)	(1,628)
Deficit, end of year	(1,027)	(1,605)

ONTARIO WASTE MANAGEMENT CORPORATION

Statement of Changes in Financial Position

for the year ended March 31, 1991

	<u>1991</u> <u>(\$000's)</u>	<u>1990</u> <u>(\$000's)</u>
Cash provided by operating activities		
Excess of revenue over expenditure	578	23
Charge to operations not requiring a current cash payment - depreciation	<u>182</u>	<u>123</u>
	760	146
Net change in non-cash working capital balances	<u>(651)</u>	<u>623</u>
Cash provided by operations	109	769
Cash used in investing activities		
Additions to fixed assets	<u>(288)</u>	<u>(311)</u>
Net (decrease) increase in cash during the year	(179)	458
Cash, beginning of year	<u>461</u>	<u>3</u>
Cash, end of year	<u><u>282</u></u>	<u><u>461</u></u>

See accompanying notes to financial statements.

ONTARIO WASTE MANAGEMENT CORPORATION

Notes to Financial Statements

March 31, 1991

1. Significant Accounting Policies

(a) Basis of accounting

The financial statements have been prepared by management in accordance with generally accepted accounting principles.

(b) Fixed assets

Fixed assets are recorded at cost. Depreciation for furniture and equipment is computed on the declining balance basis at rates of 20%-30% designed to amortize the cost of these assets over their estimated useful lives. Leasehold improvements are amortized on a straight-line basis over the terms of the leases.

2. Funding to Intervenors

As part of the approval process for the construction of a proposed waste disposal facility, a public hearing to address environmental and other related issues commenced in 1989 before a Joint Board established under the Consolidated Hearings Act.

The Province has committed approximately \$3.2 million to be provided to eligible parties (intervenors) to finance their cost of preparation and appearance at this hearing. An independent Funding Panel, appointed under the Intervenor Funding Project Act, 1988, is responsible for the allocation of this funding. Payments to the intervenors are made by the Corporation on directions from the Funding Panel.

At March 31, 1990, the Corporation had received \$2.0 million from the Province. During the 1991 fiscal year, the remaining amount of \$1.2 million was received from the Province. Payments to intervenors during the 1991 fiscal year amounted to \$1,373,000 (1990 - \$985,000 and 1989 - \$33,000). The unexpended balance of \$809,000 is available for payment to the intervenors when directed by the independent Funding Panel. These amounts are not reflected in the financial statements.

3. Fixed Assets

	1991		1990	
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
	(\$000's)	(\$000's)	(\$000's)	(\$000's)
Furniture	308	200	108	100
Equipment	846	342	504	399
Leasehold improvements	191	173	18	25
	<u>1,345</u>	<u>715</u>	<u>630</u>	<u>524</u>

4. Pension Plan

The Corporation provides pension benefits for its permanent employees through participation in the Public Service Pension Fund established by the Province of Ontario. The Corporation's share of contributions to the Fund during the year was \$249,273 (1990 - \$153,859) and is included in salaries and benefits in the Statement of Operations and Deficit. This amount includes current contributions and additional payments of \$60,268 (1990 - \$14,463) required to cover the Corporation's share of the Fund's estimated unfunded liabilities on January 1, 1990. These additional payments will continue over the next thirty-nine years.

ONTARIO WASTE MANAGEMENT CORPORATION

Notes to Financial Statements**March 31, 1991****5. Lease Commitments**

The Corporation is committed under operating leases on premises and equipment to future minimum payments until October, 1996 due as follows:

	(\$000's)
1992	441
1993	140
1994	17
1995	17
1996	11
	<u>626</u>

6. Contingent Liability

In May 1987 the Corporation entered into an agreement with Ontario Hydro for work related to the supply of electricity to the Corporation's proposed waste disposal facility. The cost for such work is currently estimated at \$146,000 and will only be charged to the Corporation if construction of the facility does not proceed. Approval by the Joint Board established under the Consolidated Hearings Act and by the Provincial Cabinet to construct the facility has not taken place as at March 31, 1991.

7. Taxes

As a Crown Corporation of the Province of Ontario, the Corporation is exempted from income taxes.

8. Comparative Figures

Prior year's figures have been reclassified where necessary to conform to the current year's presentation.

ONTARIO WASTE MANAGEMENT CORPORATION

Auditor's Report

.....

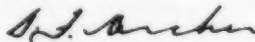
**To the Ontario Waste Management Corporation and
to the Minister of the Environment.**

I have audited the statement of financial position of the Ontario Waste Management Corporation as at March 31, 1991, and the statements of operations and deficit and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1991, and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Toronto, Ontario
June 4, 1991.



D.F. Archer, F.C.A.,
Provincial Auditor

PUBLIC SERVICE PENSION BOARD

**Statement of Net
Assets Available
for Benefits as at
December 31,
1990**
(000's)**ASSETS**

Investments (Note 4)	\$ 7,246,302
Contributions Receivable	55,697
Accrued Interest	551,361
	607,058

Fixed Assets (Note 5) 3,100

TOTAL ASSETS 7,856,460

LIABILITIES

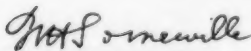
Accounts Payable and Accrued Liabilities	7,666
Income Tax Withheld on Pension Payments	3,787

TOTAL LIABILITIES 11,453

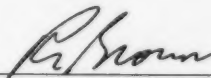
NET ASSETS AVAILABLE FOR BENEFITS \$ 7,845,007

See accompanying notes

Approved on behalf of the Board:



William H. Somerville
Director



Ronald C. Brown
Director

PUBLIC SERVICE PENSION BOARD

**Statement of
Changes in Net
Assets Available
for Benefits for
the Year ended
December 31,
1990
(000's)**

INCREASE IN NET ASSETS

Investment Income (Note 3a)	\$ 816,055
Contributions:	
Members	238,991
Sponsors	247,111
Interim payments re unfunded liability	89,422
Transfers from other plans	8,198
Total increase in net assets	1,399,777

DECREASE IN NET ASSETS

Pensions paid	393,345
Refunds of contributions/transfers	88,964
Administrative expenditures	9,630
Total decrease in net assets	491,939

INCREASE FOR THE YEAR 907,838

NET ASSETS AT BEGINNING OF YEAR 6,937,169

NET ASSETS AT END OF YEAR **\$ 7,845,007**

See accompanying notes

PUBLIC SERVICE PENSION BOARD

**Statement of
Administrative
Expenses for the
Year ended
December 31,
1990**
(000's)

Treasurer of Ontario (1)	\$ 5,389
Salaries and benefits	1,635
Investment services	500
Professional consulting services	486
Training and development	328
Actuarial services	312
Office rental	230
Printing, stationery and computer supplies	186
Depreciation	94
Repairs and maintenance	85
Office equipment	80
Communications	80
Legal fees	56
Audit fees	36
Travel	33
Books and publications	25
Bank services	23
Telecommunications	20
Board services	20
Postage and distribution	6
Relocation costs	5
Insurance	1
	\$ 9,630

(1) Services were provided during 1990 to the Public Service Pension Board by the Ministry of Government Services, Employee Pension and Benefits Administration Branch in the course of transferring responsibilities to the Board. The Board has estimated the 1990 liability at \$5.389 million, although the total amount has not been finalized.

See accompanying notes

PUBLIC SERVICE PENSION BOARD

**Notes to Financial
Statements
December 31,
1990****1. PUBLIC SERVICE PENSION ACT,
1989**

On December 31, 1989 the Province of Ontario enacted new legislation governing the pension plan of the civil servants of the Province. The Public Service Pension Act, 1989 (the Act) repealed the Public Service Superannuation Act, 1980, as amended, and the pension plan which had been established thereunder was continued under the new legislation. The terms of the pension plan (the Plan) are disclosed in Schedule 1 to the Act and are effective January 1, 1990. The Public Service Pension Board (the Board) has been designated to administer the pension plan.

Effective January 1, 1990 the total assets and liabilities of the Public Service Superannuation Account maintained in the Consolidated Revenue Fund were transferred to the Board. The transfer was made by issuing \$6.937 billion of Province of Ontario debentures.

The Act requires a valuation of the Plan as at January 1, 1990. Any going concern unfunded actuarial liability of the Plan determined by the valuation will be contributed in special monthly payments by the Province over a period of forty years, commencing January 1, 1990.

2. DESCRIPTION OF PLAN

The following is a brief description of the Plan. For more complete information, reference should be made to the Act.

a) General

The Plan is a contributory defined benefit pension plan and is mandatory for persons who satisfy eligibility requirements provided in the Act. Under the Plan, contributions are made by the members and the Province. The Plan is registered under the Pension Benefits Act of Ontario, 1987: #C-667/2.

b) Contributions

Member contributions are 8% of salary less the amount contributed to the Canada Pension Plan. Matching contributions are made by the sponsors.

Ontario Provincial Police members are required to contribute an additional 2% of salary to the Plan which is matched by the sponsor.

c) Service Pensions

A service pension is available based on the number of years of credited service, best five year average salary and the member's age less an offset for amounts received under the Canada Pension Plan. An unreduced pension can be received before age 65 if the member's age and service credit total 90 or when the member reaches age 60 and has 20 or more years of credited service.

Ontario Provincial Police members are eligible for an unreduced pension after attaining age 50 with 30 years of credited service.

d) Death Benefits

Death benefits are available to a surviving spouse or eligible children, or a designated beneficiary on the death of a member or a pensioner. The benefit may take the form of an immediate or deferred pension and/or a lump sum payment.

e) Disability Pensions

A pension is available to members at any age with a minimum of 10 years of credited service. The amount of the disability pension is dependent on credited service, average salary and eligibility criteria.

f) Withdrawal Refunds

Withdrawal refunds, with interest on contributions, are payable to members terminating employment upon application and subject to lock-in provisions of the Act.

g) Income Taxes

The Plan is not subject to income taxes.

h) Escalation of Benefits

Pension benefits are indexed to inflation based on the Consumer Price Index to a maximum of 8%. Any inflation above 8% is applied to the pension in subsequent years when the adjustment is less than 8%.

PUBLIC SERVICE PENSION BOARD

**Notes to Financial
Statements
December 31,
1990**
**3. SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with generally accepted accounting principles and present the financial position of the Plan as a separate entity independent of the sponsors and plan members. Significant accounting policies are as follows:

a) Investments

Investments are carried at cost. Included in accrued interest receivable is \$530,378,000 representing interest accrued for the Province of Ontario debentures. The interest is payable annually on March 31.

Investment income includes \$721,446,000 of interest earned on the Province of Ontario debentures during 1990.

b) Contributions

Contributions from members and sponsors received subsequent to the year-end, but which are applicable to the current year, are

recorded as receivable. Contributions from buybacks and transfers are recorded when received from the members whereas the sponsors' matching contributions are recorded when the cases are processed and the matched amounts determined.

Interim payments from the Province are recorded in the year in which they are received.

c) Pensions

Payments of pensions are recorded in the year in which such payments are made.

d) Fixed Assets

Fixed assets are carried at cost less accumulated depreciation. Depreciation is provided on a straight-line basis over the estimated useful lives of the fixed assets as follows:

Furniture and fixtures	10 years
Computer equipment	5 years
Leasehold improvements	10 years

4. INVESTMENTS

	<u>Cost</u>	<u>Market Value</u>
	(in 000's)	
Cash and short term investments	\$ 218,812	\$ 218,812
Government of Canada and Provincial bonds and debentures	6,880,661	6,888,763
Corporate bonds and debentures	100,152	101,260
Non-Canadian investments	46,677	47,055
	<u>\$ 7,246,302</u>	<u>\$ 7,255,890</u>

PUBLIC SERVICE PENSION BOARD

**Notes to Financial
Statements
December 31,
1990**

5. FIXED ASSETS

	1990		
	Cost	Accumulated Depreciation (in 000's)	Net
Computer equipment	\$ 1,152	\$ 77	\$ 1,075
Leasehold improvements	1,442	12	1,430
Furniture and fixtures	600	5	595
	<u>\$ 3,194</u>	<u>\$ 94</u>	<u>\$ 3,100</u>

The Board is committed under a ten year lease for office premises at One Financial Place, Toronto, at an annual net rental of \$1 million commencing 1991.

6. OBLIGATIONS FOR PENSION BENEFITS

In accordance with the Act, an initial actuarial valuation of the Plan as at January 1, 1990 is in progress and will be subject to agreement by the Chairman of the Management Board of Cabinet and the Treasurer prior to filing with the Pension Commission of Ontario. The Province is required to fund by special payments over the next forty years, commencing January 1, 1990, any unfunded actuarial liability determined by the valuation.

The Province prepared a report on the unfunded actuarial liability of the Plan based on December 31, 1987 data which was projected to January 1, 1990 and was estimated to be \$1.9 billion.

Since January 1, 1990 the Province has been providing interim monthly payments to the Board as required by Schedule 2 to the Act.

PUBLIC SERVICE PENSION BOARD

Auditors' ReportTo the Directors of the
Public Service Pension Board:

We have audited the statement of net assets available for benefits of the Public Service Pension Board as at December 31, 1990 and the statements of changes in net assets available for benefits and administrative expenses for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the net assets available for benefits of the Board as at December 31, 1990 and the changes in net assets available for benefits and administrative expenses for the year then ended in accordance with generally accepted accounting principles.

Toronto, Canada
February 21, 1991

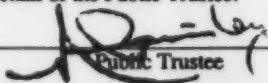
Ernst & Young
Chartered Accountants

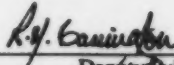
THE PUBLIC TRUSTEE OF THE PROVINCE OF ONTARIO

Balance Sheet
as at March 31, 1991

	Assets	1991 (\$000's)	1990 (\$000's)
Estates and Trusts			
Cash in bank		224	312
Bonds		159,884	219,919
Funds invested (schedule A)		256,113	154,468
Real estate		78,006	68,862
Stocks		12,104	12,840
Mortgages receivable		1,722	1,779
Life insurance		2,557	2,558
Miscellaneous		<u>5,713</u>	<u>6,465</u>
		516,323	467,203
Deduct mortgages payable		<u>1,414</u>	<u>1,237</u>
		<u>514,909</u>	<u>465,966</u>
Administration Fund (note 3)			
Cash in bank		120	134
Funds invested (schedule A)		<u>9,922</u>	<u>29,030</u>
		<u>10,042</u>	<u>29,164</u>
		<u>524,951</u>	<u>495,130</u>
	Liabilities		
Estates and Trusts			
Patients' estates		392,831	352,742
Crown estates		47,801	39,787
Special trusts and charities		33,752	32,510
Probable escheats (note 4)		6,703	7,321
Deceased persons' estates		19,693	15,494
Cemetery trusts		8,628	8,286
Corporate estates		2,552	6,228
Crown companies		1,623	2,326
Unclaimed balances		1,239	1,149
Indian trusts		84	84
Child-welfare trusts		<u>3</u>	<u>39</u>
		<u>514,909</u>	<u>465,966</u>
Administration Fund (note 3)			
Current liabilities		737	356
Due to Treasurer of Ontario re forfeited funds of companies (note 8)		4,665	-
Assurance Fund (note 5)		200	200
Litigation Reserve Fund (note 6)		300	-
Surplus		<u>4,140</u>	<u>28,608</u>
		<u>10,042</u>	<u>29,164</u>
		<u>524,951</u>	<u>495,130</u>

See accompanying schedules and notes to financial statements.
On behalf of the Public Trustee:


Public Trustee


Deputy Public Trustee

THE PUBLIC TRUSTEE OF THE PROVINCE OF ONTARIO

Statement of Revenue and Expenditure
year ended March 31, 1991

	1991 (\$000's)	1990 (\$000's)
Revenue		
Fees collected		
Patients' estates	5,966	6,237
Crown estates	600	663
Special trusts	373	400
Probable escheats	43	251
Deceased persons' estates	192	152
Charities	255	97
Cemetery trusts	40	39
Corporate estates	55	23
Crown companies	73	95
	<u>7,597</u>	<u>7,957</u>
Bank interest	74	44
Income from funds invested, net (schedule B)	<u>6,492</u>	<u>8,243</u>
	<u>14,163</u>	<u>16,244</u>
Expenditure		
Salaries and wages	7,133	6,299
Employee benefits (note 7)	1,335	764
Services	655	440
Supplies and equipment	1,720	584
Transportation and communication	393	369
	<u>11,236</u>	<u>8,456</u>
Excess of Revenue over Expenditure	<u>2,927</u>	<u>7,788</u>

Statement of Surplus
year ended March 31, 1991

	1991 (\$000's)	1990 (\$000's)
Balance, beginning of year	28,608	55,823
Excess of revenue over expenditure	<u>2,927</u>	<u>7,788</u>
	31,535	63,611
Transfer to Consolidated Revenue Fund (note 3)	(27,000)	(35,000)
Reimbursement of claims on Assurance Fund	(40)	(3)
Transfer to establish Litigation Reserve Fund (note 6)	(300)	-
Reimbursements of claims on Litigation Reserve Fund	<u>(55)</u>	<u>-</u>
Balance, end of year	<u>4,140</u>	<u>28,608</u>

See accompanying schedules and notes to financial statements.

THE PUBLIC TRUSTEE OF THE PROVINCE OF ONTARIO

Schedule A
Details of Fund Invested
as at March 31, 1991

	1991 (\$000's)	1990 (\$000's)
Short term investments	85,129	94,547
Long term investments (Schedule C)	171,448	84,158
Accrued interest	8,912	4,471
Prepaid interest receivable	-	177
Cash in bank	546	145
	<u>266,035</u>	<u>183,498</u>
Allocated as follows:		
Estates and Trusts	256,113	154,468
Administration Fund (note 3)	9,922	29,030
	<u>266,035</u>	<u>183,498</u>

Income from Funds Invested
year ended March 31, 1991

SCHEDULE B

	1991 (\$000's)	1990 (\$000's)
Interest earned on investments	21,180	17,946
Interest earned on bank accounts	<u>1,363</u>	<u>787</u>
	22,543	18,733
Deduct interest allowed	<u>16,051</u>	<u>10,490</u>
Income from funds invested, net	<u>6,492</u>	<u>8,243</u>

Details of Long Term Investments SCHEDULE C
as at March 31, 1991

	1991 (\$000's)	1990 (\$000's)
Ontario Hydro	33,046	33,074
Provincial Governments	29,952	39,134
Financial Institutions	<u>108,450</u>	<u>11,950</u>
Cost	<u>171,448</u>	<u>84,158</u>
Par value	<u>171,400</u>	<u>84,400</u>
Market value	<u>171,726</u>	<u>79,386</u>

See accompanying notes to financial statements.

THE PUBLIC TRUSTEE OF THE PROVINCE OF ONTARIO

Notes to Financial Statements
March 31, 1991

1. GENERAL

The Public Trustee performs duties under a number of statutes, with the following main responsibilities:

- the management of estates of mentally incompetent individuals;
- the administration of estates of persons who die in Ontario intestate and without next-of-kin;
- the gathering of assets on behalf of the Crown under the Escheats Act when there is no known owner of those assets or the owner is a corporation no longer in existence; and
- a general supervisory role over charities.

2. SIGNIFICANT ACCOUNTING POLICIES**(a) Basis of accounting**

Fees collected, bank interest and expenditure are recorded on a cash basis of accounting which, for expenditure, is modified to allow an additional thirty days to pay for debts incurred during the fiscal year just ended. Net income from funds invested is recorded on an accrual basis.

(b) Funds invested

Funds are invested in income producing short term investments or bonds which are normally held until maturity. These securities are shown at cost adjusted for the amortization of premiums or discounts on purchase over the period to maturity.

(c) Stocks and bonds of Estates and Trusts

Stocks and bonds of Estates and Trusts are recorded at their market value at the time of taking over the Estates and Trusts with an annual adjustment to market value at December 31 each year.

(d) Real estate

Real estate is recorded at appraised value at time of incorporation of the trust and is subject to periodic revaluations.

(e) Life insurance

Life insurance is recorded at its cash surrender value at the time of incorporating the trust and is subject to valuation every two years.

(f) Fixed assets

Fixed assets are recorded as expenditures when purchased.

THE PUBLIC TRUSTEE OF THE PROVINCE OF ONTARIO

Notes to Financial Statements

March 31, 1991

3. ADMINISTRATION FUND

The Administration Fund is the operating account of the Public Trustee. It is used to accumulate fees charged each estate for services, as prescribed by the regulations under the Public Trustee Act.

Cash balances in the Administration Fund which are not required for operating purposes are invested along with the cash funds of Estates and Trusts. The Administration Fund receives the net interest income of these investment activities, after interest is allowed on the funds of Estates and Trusts in accordance with regulations under the Act.

All operating expenses of the office of the Public Trustee are paid from the Administration Fund.

Pursuant to section 9(5) of the Public Trustee Act, the Lieutenant Governor in Council may from time to time direct the payment into the Province's Consolidated Revenue Fund of any balance at the credit of the Administration Fund. In May 1990, \$27 million was transferred from the Fund to the Consolidated Revenue Fund.

4. FUNDS ESCHEATED TO THE CROWN

The Public Trustee is authorized by the Escheats Act to take possession of unclaimed property reverting to the Crown under the Succession Law Reform Act, Business Corporations Act or common law. After a period of ten years, any property so received by the Public Trustee which remains unclaimed is transferred to the Consolidated Revenue Fund of the Province.

During the year, \$1.438 million (1990: \$2.744 million) was transferred to the Province.

5. ASSURANCE FUND

The regulations under the Act provide that an Assurance Fund shall be established to meet losses for which the office of the Public Trustee might become liable. Accordingly, this Fund has been established at \$200,000 by transfers from the Administration Fund.

6. LITIGATION RESERVE FUND

In June 1990 the office of the Public Trustee authorized the transfer of \$300,000 from Surplus to a new Litigation Reserve Fund. The intent of the Fund is to cover costs of an opposing side's legal bills where the office of the Public Trustee is obligated to pay such costs.

7. PENSION PLAN

The office of the Public Trustee provides pension benefits for its permanent employees through participation in the Public Service Pension Fund established by the Province of Ontario. The office's share of contributions to the Fund during the year was \$509,000 (1990: \$244,000) and is included in employee benefits in the Statement of Revenue and Expenditure. This amount includes current contributions and additional payments required to cover the office's share of the Fund's estimated unfunded liabilities on January 1, 1990. These additional payments will continue over forty years.

THE PUBLIC TRUSTEE OF THE PROVINCE OF ONTARIO

Notes to Financial Statements
March 31, 1991

8. DUE TO TREASURER OF ONTARIO RE FORFEITED FUNDS OF COMPANIES

During the year ended March 31, 1991, the office of the Public Trustee transferred \$4.665 million from Corporate Estates' and Crown Companies' accounts to its Administration Fund. These assets came from voluntarily and involuntarily dissolved Ontario corporations.

To the Public Trustee of the Province of Ontario and
to the Attorney General.

I have audited the balance sheet of the Public Trustee of the Province of Ontario as at March 31, 1991 and the statements of revenue and expenditure and surplus for the year then ended. These financial statements are the responsibility of the Public Trustee's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Public Trustee of the Province of Ontario as at March 31, 1991 and the results of his operations for the year then ended in accordance with the accounting policies described in note 2 to the financial statements.

Toronto, Ontario,
July 26, 1991.


D.F. Archer, F.C.A.,
Provincial Auditor

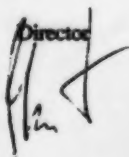
STADIUM CORPORATION OF ONTARIO LIMITED
Incorporated under the laws of Ontario

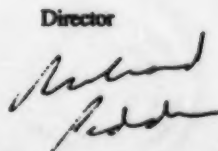
Balance Sheet
as at December 31

	1990 \$	1989 \$
	[000's]	
ASSETS		
Accounts receivable	4,817	15,084
Prepaid expenses	407	202
	<u>5,224</u>	<u>15,286</u>
Project costs [note 3]	561,728	541,859
Fixed assets [note 4]	2,950	1,196
	<u>564,678</u>	<u>543,055</u>
	<u>569,902</u>	<u>558,341</u>
LIABILITIES AND SHAREHOLDER'S EQUITY		
Liabilities		
Bank indebtedness [note 5]	314,816	252,954
Accounts payable and accrued liabilities	32,814	31,063
Province of Ontario loans [note 6(a)]	5,766	5,766
Promissory notes [notes 6(c) and (d)]	16,600	17,100
Proceeds from sale of preferred rights [notes 6(c) and (d)]	113,731	120,527
Proceeds from sale of SkyBox rights [note 7(a)]	42,368	43,885
Proceeds from sale of club seat rights [note 7(b)]	15,435	19,408
Deferred revenue	2,715	2,729
Total liabilities	<u>544,245</u>	<u>493,432</u>
Contingencies [note 10]		
Shareholder's equity		
Share capital [note 8]	30,000	30,000
Contributed capital [notes 6(b) and (d)]	40,500	40,500
Deficit	(44,843)	(5,591)
Total shareholder's equity	<u>25,657</u>	<u>64,909</u>
	<u>569,902</u>	<u>558,341</u>

See accompanying notes

On behalf of the Board:

Director


Director


STADIUM CORPORATION OF ONTARIO LIMITED

Statement of Operations and Deficit

	Year ended December 31, 1990 \$	Seven months ended December 31, 1989 [000's] \$
REVENUE		
SkyBoxes, club seats and preferred rights	22,463	13,223
Facility rentals and concessions	11,476	8,636
Advertising and other	9,912	5,221
Hotel, fitness club and parking	8,994	480
	52,845	27,560
EXPENSES		
Salaries, wages and benefits	7,160	3,413
Operating and building (net of recoverables)	5,154	6,538
General and administrative	3,508	4,989
Marketing, advertising and promotion	882	499
Hotel, fitness club and parking	8,670	323
	25,374	15,762
Income before interest, taxes and depreciation	27,471	11,798
Interest	39,219	8,711
Realty, business and other taxes [note 9]	10,239	1,663
Depreciation	17,265	7,015
	66,723	17,389
Net loss for the period	39,252	5,591
Deficit, beginning of period	5,591	—
Deficit, end of period	44,843	5,591

See accompanying notes

STADIUM CORPORATION OF ONTARIO LIMITED

Statement of Changes in Financial Position
year ended December 31

	1990 \$	1989 \$ [000's]
OPERATING ACTIVITIES		
Net loss for the period	(39,252)	(5,591)
Deferred SkyBox and club seat receipts	946	7,585
Items not affecting cash		
Depreciation	17,265	7,015
Amortization of SkyBox, club seat and preferred rights	(6,472)	(3,934)
Net change in accounts receivable, prepaids, accounts payable, accrued liabilities and deferred revenue	2,768	5,551
Cash provided by (used in) operating activities	(24,745)	10,626
FINANCING ACTIVITIES		
Decrease (increase) in accounts receivable	8,435	(12)
Consortium and other corporate funding	(5,000)	30,625
Cash provided by financing activities	3,435	30,613
CONSTRUCTION AND INVESTING ACTIVITIES		
Project costs	(36,679)	(229,534)
Decrease in accounts payable and accrued liabilities	(1,665)	(9,367)
Fixed assets	(2,208)	(1,146)
Cash used in construction and investing activities	(40,552)	(240,047)
Net increase in bank indebtedness during the year	61,862	198,808
Bank indebtedness, beginning of year	252,954	54,146
Bank indebtedness, end of year	314,816	252,954

See accompanying notes

STADIUM CORPORATION OF ONTARIO LIMITED

Notes to Financial Statements
December 31, 1990

1. STADIUM CORPORATION OF ONTARIO LIMITED [THE "CORPORATION"]

The Corporation has substantially completed the construction of an entertainment centre [the "Project"] which includes the first urban multi-purpose domed stadium with a fully retractable roof, a hotel, fitness club and other facilities. On June 3, 1989 the stadium portion of the Project commenced operations while the hotel, fitness club and other facilities commenced operations during the year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Project costs

All costs associated with the Project's construction including development, indirect construction expenditures and interest costs are capitalized and included in project costs. Proceeds from promotions and interest income earned during construction were netted against project costs.

Depreciation

Project costs and fixed assets are depreciated on a straight-line basis over their estimated useful lives as follows:

Base stadium	50 years
Stadium equipment and finishes	25 to 50 years
Seats	15 years
Scoreboards, signage and production equipment	5 to 15 years
Artificial turf and stadium accessories	5 to 15 years
Vehicles, machinery and equipment	5 to 10 years
Furniture, fixtures and office equipment	3 to 10 years

SkyBox and club seat rights

Proceeds from the sale of rights to SkyBoxes and the use of club seats are amortized over the terms of their respective agreements.

Preferred rights

Proceeds from the sale of preferred rights are amortized over the estimated life of the base stadium.

STADIUM CORPORATION OF ONTARIO LIMITED

Notes to Financial Statements
December 31, 1990

Facility rentals and fees

Facility rentals and fees are recognized as revenue once the related event has occurred. Accordingly, deposits received and expenditures incurred prior to the event are deferred until the event has been completed.

3. PROJECT COSTS

	1990 \$	1989 \$ [000's]
Base stadium	432,046	415,494
Stadium equipment and finishes	90,492	74,353
Scoreboards, signage and production equipment	33,783	31,962
Vehicles, machinery and equipment	9,525	8,891
Artificial turf and stadium accessories	8,948	7,871
Seats	7,428	7,428
Furniture, fixtures and office equipment	3,176	2,720
	585,398	548,719
Less accumulated depreciation	23,670	6,860
	561,728	541,859

Interest capitalized during the year related to project costs amounted to \$1,400,000 (1989 - \$12,173,000).

4. FIXED ASSETS

	1990 \$	1989 \$ [000's]
Stadium and other operating equipment	2,540	595
Computer equipment	717	570
Office furniture and equipment	524	408
	3,781	1,573
Less accumulated depreciation	831	377
	2,950	1,196

STADIUM CORPORATION OF ONTARIO LIMITED

Notes to Financial Statements
December 31, 1990

5. BANK INDEBTEDNESS

Subsequent to the year end, bank indebtedness was replaced with promissory notes issued by the Province of Ontario bearing interest at rates that approximate bankers' acceptance rates. In addition, the Corporation maintains a revolving credit arrangement with its bank aggregating \$30 million.

6. FUNDING SOURCES

	Province of Ontario [a] \$	Municipality of Metropolitan Toronto [b] \$	Consortium [c] \$	Other corporations [d] \$	Total \$
	[000's]				
Province of Ontario loans	5,766	—	—	—	5,766
Promissory notes	—	—	13,000	3,600	16,600
Proceeds from sale of preferred rights	—	—	117,000	450	117,450
Share capital	30,000	—	—	—	30,000
Contributed capital	—	30,000	—	10,500	40,500
	35,766	30,000	130,000	14,550	210,316
Less accumulated amortization	—	—	3,705	14	3,719
Net	35,766	30,000	126,295	14,536	206,597

[a] Province of Ontario

Prior to 1990, the Province of Ontario purchased 30,010 shares of the Corporation for consideration of \$30,000,010.

The Province of Ontario has also advanced \$5,766,000 to the Corporation. Interest is charged on \$4,766,000 effective January 1, 1990 at treasury bill rates established annually and is repayable in seven equal annual instalments commencing January 1, 1991. The remaining \$1,000,000 is non-interest bearing and is repayable to the extent earnings are available for distribution.

[b] Municipality of Metropolitan Toronto

The Municipality of Metropolitan Toronto contributed \$30,000,000 to the Corporation.

STADIUM CORPORATION OF ONTARIO LIMITED

Notes to Financial Statements
December 31, 1990

[c] Consortium

As at December 31, 1990, 26 Canadian corporations ["Consortium Members"] have agreed to participate in the financing of the Project. For consideration of \$4,500,000 [in aggregate \$117,000,000] each Consortium Member received certain preferred rights in the supply of goods and services, in the allocation of seating, and in advertising within the stadium for a 10-year period valued at \$4,200,000 and an option, valued at \$300,000, to extend the period of the preferred rights. During the year, the Corporation recognized revenue of \$2,288,000 from the amortization of the preferred rights. At December 31, 1990, the unamortized proceeds from the sale of these preferred rights amounted to \$113,295,000.

In addition, these Consortium Members have subscribed for shares of a private company, Dome Consortium Investments Inc. ["Consortium"]. At December 31, 1990, the Consortium had loaned \$13,000,000 from these share subscriptions to the Corporation in the form of non-interest bearing promissory notes repayable upon the formation of a partnership to acquire the Project between the Consortium and the Corporation.

[d] Other corporations

At December 31, 1990, three other corporations have each made contributions of \$3,500,000 [in aggregate \$10,500,000] as well as loans of \$1,350,000 each [in aggregate \$4,050,000] to the Corporation, of which \$450,000 has been repaid resulting in a balance outstanding of \$3,600,000. The Corporation has issued promissory notes for the loans which bear no interest and are repayable in instalments of varying amounts over 10 years. In addition, for consideration of \$150,000 each [in aggregate \$450,000], the corporations received certain advertising and promotional rights. During the year, the Corporation recognized revenue of \$9,000 from the amortization of the preferred rights. At December 31, 1990, the unamortized proceeds from the sale of these preferred rights amounted to \$436,000.

7. SKYBOX AND CLUB SEAT FEES**[a] SkyBoxes**

The Corporation has sold the rights to the use of 114 SkyBoxes for a 10-year period expiring December 31, 1999. Fourteen of these SkyBoxes prepaid the full term prior to the commencement of operations; the remainder of the SkyBoxes pay annual instalments. In 1990, the Corporation recognized revenue of \$17,012,000 from the amortization and receipt of these proceeds. At December 31, 1990, the unamortized proceeds from the sale of SkyBox rights amounted to \$42,368,000.

STADIUM CORPORATION OF ONTARIO LIMITED

Notes to Financial Statements
December 31, 1990

[b] Club seats

The Corporation received subscription fees of \$20,555,000 from the sale of rights to the use of club seats for a 10-year period. In 1990, the Corporation charged an annual fee of \$250 per club seat. During the year, the Corporation recognized revenue of \$1,720,000 from the amortization of subscription fees and earned \$1,434,000 in annual fees. At December 31, 1990, the unamortized proceeds from the sale of club seat rights amounted to \$15,435,000.

8. SHARE CAPITAL

The following is a summary of the Corporation's share capital as at December 31:

	1990 \$	[000's]	1989 \$
Authorized			
Unlimited number of common shares			
Issued			
30,010 common shares [1989 - 30,010]	30,000		30,000

9. REALTY, BUSINESS AND OTHER TAXES

The Corporation is a Crown corporation and is exempt from federal and provincial income and capital taxes. Taxes included in the statement of operations reflect the assessments received for realty, business and other taxes.

In addition, these financial statements reflect provincial sales tax assessments totalling \$3,500,000 relating primarily to club seat fees and project costs.

The Corporation is appealing all of these assessments.

STADIUM CORPORATION OF ONTARIO LIMITED

Notes to Financial Statements
December 31, 1990

10. CONTINGENCIES

Various claims have been made against the Corporation for costs related primarily to design and construction changes and delays in the completion of the Project. The total cost for these claims approximates \$65 million. With respect to these claims, the Corporation has filed counterclaims in the amount of \$21 million. At this time, no amount has been provided in the financial statements in respect of these claims as the merits of the claims and the resulting amounts are not determinable.

11. COMPARATIVE FIGURES

Certain of the 1989 comparative figures have been reclassified to conform to the presentation adopted in the current year.

STADIUM CORPORATION OF ONTARIO LIMITED

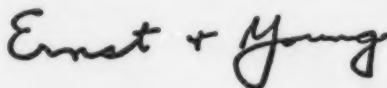
AUDITORS' REPORT

To the Shareholder of
Stadium Corporation of Ontario Limited

We have audited the balance sheet of **Stadium Corporation of Ontario Limited** as at December 31, 1990 and the statements of operations and deficit and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1990 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.



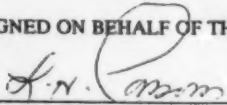
Toronto, Canada,
March 8, 1991.

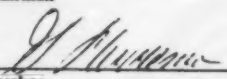
Chartered Accountants

TORONTO AREA TRANSIT OPERATING AUTHORITY

Balance Sheet as at March 31
(in thousands of dollars)

	1991	1990 (restated note 2)
Assets		
Current Assets		
Cash	\$ 8,138	\$ 14,319
Accounts receivable	4,572	7,171
Deposit with Canadian National Railway Company	8,473	11,912
Due from the Province of Ontario	18,750	28,759
Spare parts and supplies	1,588	1,422
Prepaid expenses	675	819
Other Assets (note 3)	<u>42,196</u>	<u>64,402</u>
Fixed Assets	<u>1,598</u>	<u>1,598</u>
Land	35,824	27,778
Buildings and equipment (note 4)	474,015	392,853
Leasehold improvements net of accumulated amortization of \$1,719 (1990 - \$1,339)	5,887	6,267
Improvements to railway right of way and railway plant, net of accumulated amortization of \$71,122 (1990 - \$60,586)	140,970	148,345
Trackwork and Installation net of accumulated amortization of \$3,917 (1990 - \$1,872)	36,975	38,247
Construction in progress	71,840	58,942
GO Train Service Expansion Program	119,576	98,150
Other		
Liabilities	<u>885,087</u>	<u>770,582</u>
Current Liabilities	<u>\$ 928,881</u>	<u>\$ 836,582</u>
Accounts payable and accrued liabilities	42,168	60,784
Unearned revenue in respect of tickets sold and not used	1,626	1,132
Equity	<u>43,794</u>	<u>61,916</u>
Province of Ontario	<u>885,087</u>	<u>774,666</u>
SIGNED ON BEHALF OF THE MEMBERS	<u>\$ 928,881</u>	<u>\$ 836,582</u>


Chairman


Member

TORONTO AREA TRANSIT OPERATING AUTHORITY

Statement of Equity
for the year ended March 31
(in thousands of dollars)

	1991	1990 (restated note 2)
Equity - Beginning of Year		
As originally reported	\$ 774,666	\$ 622,760
Effect of change in accounting policy (note 2)	-	(2,618)
As restated	774,666	620,142
Capital contribution from the Province of Ontario	158,030	190,887
	932,696	811,029
Amortization of capital contributions	(47,609)	(36,363)
Equity - End of Year	<u>\$ 885,087</u>	<u>\$ 774,666</u>

TORONTO AREA TRANSIT OPERATING AUTHORITY

Statement of Operations
for the year ended March 31
(in thousands of dollars)

	1991	1990 (restated) note 2)
Revenue		
Commuter services	\$ 91,887	\$ 86,510
Sundry revenue (note 6)	3,905	3,336
Gain on sale of fixed assets	138	2,339
	<u>95,930</u>	<u>92,185</u>
Expenses (note 7)		
Train and bus operations	126,548	105,933
Terminals and plant	47,019	45,065
General and administration	35,969	26,456
	<u>209,536</u>	<u>177,454</u>
Loss From Operations	113,606	85,269
Operating subsidy from the Province of Ontario including amortization of capital contributions of \$47,609 (1990 - \$36,363)	<u>113,606</u>	<u>85,269</u>
Net Income For the Year	<u>\$ -</u>	<u>\$ -</u>

TORONTO AREA TRANSIT OPERATING AUTHORITY

Statement of Changes in Financial Position
for the year ended March 31
(in thousands of dollars)

	1991	1990 (restated note 2)
Cash Provided By (Used In) Operating Activities		
Loss from operations	\$ (113,606)	\$ (85,269)
Non-cash items -		
Depreciation and amortization	47,609	36,363
Gain on sale of fixed assets	(138)	(2,339)
	(66,135)	(51,245)
Net Change In Non-Cash Working Capital Items	(2,097)	13,857
	(68,232)	(37,388)
Cash Provided By (Used In) Investment Activities		
Fixed assets additions	(162,133)	(190,887)
Other assets additions	-	(891)
Fixed assets disposals	157	3,592
	(161,976)	(188,186)
Cash Provided By Financing Activities		
Province of Ontario -		
Operating subsidy	65,997	48,906
Capital contributions	158,030	190,887
	224,027	239,793
Net Increase (Decrease) In Cash	(6,181)	14,219
Cash - Beginning of Year	14,319	100
Cash - End of Year	\$ 8,138	\$ 14,319

TORONTO AREA TRANSIT OPERATING AUTHORITY

Notes to Financial Statements
for the year ended March 31, 1991
(in thousands of dollars)

1. Significant Accounting Policies

These financial statements are prepared by management in accordance with accounting principles generally accepted in Canada. The significant accounting policies are as follows:

(a) Spare parts and supplies

Spare parts and supplies are valued at the lower of cost and replacement cost.

(b) Fixed assets

Fixed assets are recorded at cost.

The Authority provides for the depreciation and amortization of the various classes of assets over their estimated useful lives on a straight-line basis.

Buildings and equipment	
Shelters and ticket booths	- 5 years
Other buildings	- 20 years
Locomotive overhauls	- 5 years
Locomotives and auxiliary power control units	- 20 years
Other railway rolling stock	- 25 years
Buses	- 12 years
Parking lots	- 20 years
Sundry - Furniture and fixtures	- 12 years
- Other	- 3 - 5 years
Improvements to railway right of way and railway plant	- 20 years
Trackwork and installation	- 20 years
Leasehold improvements	- 20 years

(c) Commuter services revenue

Revenue is recognized when the transportation service is provided. Unearned amounts are reflected in the balance sheet as current liabilities.

TORONTO AREA TRANSIT OPERATING AUTHORITY

Notes to Financial Statements
for the year ended March 31, 1991
(in thousands of dollars)

1. Significant Accounting Policies (Cont'd)**(d) Subsidies**

Operating subsidies paid by the Province of Ontario are treated as reductions of operating losses. Gains and losses from the disposition of fixed assets are included in operations. Capital contributions from the Province of Ontario are included in equity and are amortized to income over the useful lives of the related assets.

2. Change In Accounting Policy

The Authority has changed its method of providing for depreciation on locomotives and auxiliary power control units from a 25 year straight-line method applied at cost plus an estimation of future overhaul costs to a 20 year straight-line method for locomotives and a 5 year straight-line method for actual overhaul costs.

The effect of this change decreased the loss from operations by \$607 (1990 - \$1,604). The policy change has been applied retroactively. Opening equity has been reduced by \$2,618.

3. Other Assets

Included in other assets is a balance of sale of \$891 arising from the sale of land surplus to the Authority's needs. The asset is collateralized by a second mortgage on the property.

Interest is being charged at a rate commencing at 8% and increasing at 1% at the end of each five year period until February 28, 2013 when the proceeds become due. Additional interest may be earned based on the net income from the property. Total interest in a single year cannot exceed 18%.

TORONTO AREA TRANSIT OPERATING AUTHORITY

Notes to Financial Statements
for the year ended March 31, 1991
(in thousands of dollars)

4. Buildings and Equipment

	1991		
	Cost	Accumulated depreciation	Net book value (restated note 2)
Buildings	\$ 63,619	\$ 20,885	\$ 42,734
Locomotives, overhauls and auxiliary power control units	132,294	21,049	111,245
Uni-level coaches	24,896	24,401	495
Other railway rolling stock	322,833	59,777	263,056
Buses	40,828	20,026	20,802
Parking lots	21,872	5,003	16,869
Sundry	28,945	10,131	18,814
	<u>\$ 635,287</u>	<u>\$ 161,272</u>	<u>\$ 474,015</u>

	1990		
	Cost	Accumulated depreciation	Net book value (restated note 2)
Buildings	\$ 54,993	\$ 17,968	\$ 37,025
Locomotives and auxiliary power control units	76,548	15,973	60,575
Uni-level coaches	24,896	17,915	6,981
Other railway rolling stock	302,176	46,966	255,210
Buses	33,690	17,015	16,675
Parking lots	14,252	4,094	10,158
Sundry	13,449	7,220	6,229
	<u>\$ 520,004</u>	<u>\$ 127,151</u>	<u>\$ 392,853</u>

The Authority is actively seeking a purchaser for 99 uni-level coach units which are considered to be surplus. The book value of these coach units has been written down to their estimated net recoverable amount of \$495 by a charge of \$5,252 to depreciation expense.

TORONTO AREA TRANSIT OPERATING AUTHORITY

Notes to Financial Statements
for the year ended March 31, 1991
(in thousands of dollars)

5. Operating Agreements

A significant amount of the services provided by the Authority are operated by outside parties using rolling stock owned by the Authority. These services are governed by the agreements with the Canadian National Railway Company and Canadian Pacific Limited.

6. Sundry Revenue

The details of sundry revenue are as follows:

	1991	1990
Interest income	\$ 956	\$ 935
Rentals - rolling stock	207	191
Rentals - space	1,186	854
Advertising revenue	351	263
Commissions - ticket sales	719	674
Other	486	419
	<u>\$ 3,905</u>	<u>\$ 3,336</u>

7. Expenses

Further details of expenses are as follows:

	1991	1990 (restated) note 2)
Salaries, wages and fringe benefits	\$ 52,111	\$ 41,538
Payments to outside parties for operation of services	57,793	50,949
Fuel and oil	11,799	9,546
Other expenses	<u>27,540</u>	<u>28,028</u>
	149,243	130,061
Leases, rentals and user charges	12,684	11,030
Depreciation and amortization	<u>47,609</u>	<u>36,363</u>
Total expenses	<u>\$ 209,536</u>	<u>\$ 177,454</u>

TORONTO AREA TRANSIT OPERATING AUTHORITY

Notes to Financial Statements
for the year ended March 31, 1991
(in thousands of dollars)

7. Expenses (Cont'd)

Of the total expenses \$149,243 (1990 - \$130,061) is recognized as recoverable, in part, from passengers and other sources of revenue. The target amount to be ultimately recovered has been established by the Authority at 65% of the recoverable expenses. In 1991, total revenue amounted to \$95,930 (1990 - \$92,185) and represents a recovery of 64.3% (1990 - 70.9%) of the recoverable expenses.

8. Commitments

(a) Purchase of Bi-Level Commuter Rail Cars

The Authority has entered into contracts with the Urban Transportation Development Corporation Inc. for the purchase of bi-level commuter rail cars.

The estimated balance of the purchase price for the 11 cars remaining to be delivered is \$9,890.

(b) Purchase of Suburban Buses

The Authority has entered into a letter of intent in the amount of \$12,300 with New Flyer Industries Limited for the purchase of fifty-one suburban buses to be delivered by mid- September 1991.

(c) Leases

Minimum operating lease payments in each of the next five years and thereafter are as follows:

1991 - 1992	\$ 5,225
1992 - 1993	4,952
1993 - 1994	4,506
1994 - 1995	4,245
1995 - 1996	3,951
Thereafter	<u>50,120</u>
	<u>\$ 72,999</u>

In addition to the commitments above, the Authority has entered into an agreement to lease land which expires in 2079. The annual rental under this lease is \$153.

TORONTO AREA TRANSIT OPERATING AUTHORITY

Notes to Financial Statements
for the year ended March 31, 1991
(in thousands of dollars)

9. Pensions

The Authority provides pension benefits for substantially all its permanent employees through participation in the Public Service Pension Fund established by the Province of Ontario. The Authority's share of contributions to the plan during the year was \$2,470 (1990 - \$2,144). This amount represents the total obligation of the Authority and is included as an expense in the Statement of Operations.

10. Board Remuneration

Total remuneration of Members of the Board of Directors was approximately fifty seven thousand dollars during the fiscal year (1990 forty eight thousand dollars).

11. Subsequent Event

On April 9, 1991, the Authority entered into an agreement to acquire the Danforth Rail Yards from Canadian National Railways for \$54,500. The funds are held in trust pending an environmental assessment review.

TORONTO AREA TRANSIT OPERATING AUTHORITY
PROVINCIAL AUDITOR'S REPORT

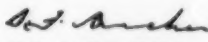
To the Members of the Toronto Area Transit
Operating Authority and to the Minister
of Transportation.

I have audited the balance sheet of the Toronto Area Transit Operating Authority as at March 31, 1991 and the statements of equity, operations and changes in financial position for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Toronto, Ontario,
May 31, 1991.

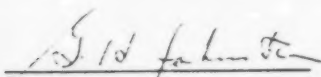

D.F. Archer, F.C.A.,
Provincial Auditor

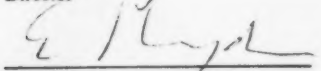
URBAN TRANSPORTATION DEVELOPMENT CORPORATION LTD.

Consolidated Balance Sheet as at December 31, 1990
(in thousands of dollars)

	1990	1989
Assets		
Cash	\$ 9,661	\$ 16,354
Accounts Receivable (Includes unbilled revenue of \$192; 1989 - \$10,284)	2,889	23,463
Due From Shareholder - Province Of Ontario	150	150
Deferred and Recoverable Contract Costs (note 6)	-	5,792
Debenture (note 3)	20,000	20,000
Due From Affiliated Company	4,708	-
	<u>\$ 37,408</u>	<u>\$ 65,759</u>
Liabilities		
Accounts Payable and Accrued Liabilities	1,929	7,459
Provision For Contract Costs	15,055	27,685
Due To Affiliated Company	-	10,291
	<u>16,984</u>	<u>45,435</u>
Contingencies (note 6)		
Shareholder's Equity		
Capital Stock (note 4)	280,691	275,691
Deficit	260,267	255,367
	<u>20,424</u>	<u>20,324</u>
	<u>\$ 37,408</u>	<u>\$ 65,759</u>

SIGNED ON BEHALF OF THE BOARD


Director


Director

URBAN TRANSPORTATION DEVELOPMENT CORPORATION LTD.

Consolidated Statement of Operations and Deficit
for the year ended December 31, 1990
(in thousands of dollars)

	1990	1989
Revenue		
Contract	\$ -	\$ 25,935
Interest (note 3 (b))	2,633	256
	<u>2,633</u>	<u>26,191</u>
Expenses		
Contract, including provision for future costs of contract completion	7,533	31,446
Operating and administrative	-	864
	<u>7,533</u>	<u>32,310</u>
Loss For the Year	4,900	6,119
Deficit - Beginning of Year	<u>255,367</u>	<u>249,248</u>
Deficit - End of Year	<u>\$ 260,267</u>	<u>\$ 255,367</u>

URBAN TRANSPORTATION DEVELOPMENT CORPORATION LTD.

Consolidated Statement of Changes in Financial Position
for the year ended December 31, 1990
(in thousands of dollars)

	1990	1989
Operating Activities		
Loss for the year	\$ (4,900)	\$ (6,119)
Items not representing an outlay (receipt) of funds -		
Net increase (decrease) in provision for contract costs	(12,630)	1,988
	(17,530)	(4,131)
Net (decrease) in deferred revenue	-	(5,485)
Net decrease in deferred contract costs	5,792	3,477
Net change in other assets and liabilities	45	(7,329)
	(11,693)	(13,468)
Financing Activities		
Issue of preference shares	5,000	30,000
(Decrease) Increase In Cash	(6,693)	16,532
Cash (Bank Indebtedness) - Beginning of Year	16,354	(178)
Cash - End of Year	\$ 9,661	\$ 16,354

URBAN TRANSPORTATION DEVELOPMENT CORPORATION LTD.

Notes to Financial Statements
for the year ended December 31, 1990**1. Cessation Of Operations**

Effective July 1, 1986, the Corporation sold its fixed assets, technology, inventory and other assets and contracts to Lavalin Enterprises Inc. ("Lavalin"). Lavalin purchased the assets through a new company, UTDC Inc. Under the terms of the sale, the Corporation retained its existing major contracts ("retained contracts") (see note 5). The Corporation is responsible for the completion of the retained contracts and for all warranty and performance related matters. As part of the sale agreement, the Corporation entered into an Agency Agreement whereby UTDC Inc. agreed to complete all retained contracts on behalf of the Corporation. Future revenues were insufficient to offset the expenses required to complete the Corporation's contracts. As a result provisions for the estimated costs to complete all contracts and to wind up the Corporation's business activities have been accrued. Such costs include estimated contract losses, warranty provisions, management fees, overhead and all operating costs to completion of warranty obligations.

2. Accounting Policies

The consolidated financial statements of the Corporation have been prepared by management in accordance with accounting principles generally accepted in Canada. The significant accounting policies are summarized below:

(a) Accounting for long-term contracts

Revenues and expenditures under cost reimbursable contracts are recorded as costs are incurred and fees are earned. Revenues and expenditures on long-term fixed price contracts are recorded on a percentage of completion basis, measured by costs incurred. Provisions for losses on contracts are recorded when they become known.

(b) Translation of foreign currencies

The Corporation's operations include certain contracts which were negotiated and are accounted for in U.S. dollars. The asset and liability accounts related to these contracts are translated to Canadian dollars at the rate of exchange at the balance sheet date. Revenue and expenses are translated at the weighted average rate for the year. The Corporation also assumed the current and future gains or losses on the US bank indebtedness of The Ontario Transportation Development Corporation ("OTDC"), an affiliated company.

URBAN TRANSPORTATION DEVELOPMENT CORPORATION LTD.

Notes to Financial Statements
for the year ended December 31, 1990

3. Debenture

The following is a summary of the significant terms and conditions of the debenture:

- (a) the principal amount of the \$20 million debenture will be payable on August 31, 1996;
- (b) interest is payable by December 31 of each year based on 25% of the cumulative pre-tax profits of UTDC Inc. to August 31 of such year less the interest paid or payable prior to such date. The Corporation has agreed to indemnify UTDC Inc. for any incremental income taxes which result from interest on the debenture not being deductible for income tax purposes. Interest income on the debenture during the year ended December 31, 1990 was \$2,629,000 (1989 - (\$107,000)).
- (c) the redemption of the debenture and the payment of interest is guaranteed by Lavalin Ltée/Ltd. in the event of default by UTDC Inc. The debenture will provide for mandatory principal prepayments between 1990 and 1996 in the event that interest payments do not reach stipulated levels.

4. Capital Stock

(In thousands
of dollars)

Authorized -
20,000,000 common shares

Unlimited non-voting, redeemable,
retractable Class A preferred shares

Issued -

14,240,008 common shares

2,450,000 Class A preferred shares

\$ 35,691

245,000

\$ 280,691

Issuance

During the year the Corporation issued to The Ontario Transportation Development Corporation, 50,000 Class A preferred shares for \$5 million.

URBAN TRANSPORTATION DEVELOPMENT CORPORATION LTD.

Notes to Financial Statements
for the year ended December 31, 1990

5. Commitments

- (a) The Corporation has entered into various long-term sales contracts for the implementation of transit systems and support activities and/or the manufacture and supply of transit vehicles.

i) Intermediate Capacity Transit System (ICTS) contracts

- Detroit ICTS - contract with the Detroit Transportation Corporation to implement a 4.7 kilometre ICTS and supply 12 vehicles. The system commenced revenue service in 1987.

The Corporation is currently involved in various field service and retrofit activities on the Detroit ICTS contract.

ii) Streetcar contracts

- TTC ALRV - contract with the TTC to supply 52 ALRV's with completion expected in 1991. Initial vehicles entered revenue service in 1987. The Corporation is currently involved in various field service and vehicle retrofit activities.

iii) Subway contracts

- TTC subway cars - contract with the TTC to supply 126 subway cars with completion expected in 1991. Initial vehicles entered revenue service in 1987. The Corporation is currently involved in various field service and vehicle retrofit activities.
- Boston subway cars - contract with the Massachusetts Bay Transportation Authority to supply 58 subway cars. Initial vehicles entered revenue service in 1987. During 1990, the Corporation signed a closure agreement with the Massachusetts Bay Transportation Authority.

The Province of Ontario currently has in place indemnities and bond guarantees with respect to the Corporation's contractual obligations in the aggregate amount of \$2.3 million.

- (b) The Corporation is committed under various purchase contracts with suppliers and sub-contractors relating to the sales contracts.

URBAN TRANSPORTATION DEVELOPMENT CORPORATION LTD.

Notes to Financial Statements
for the year ended December 31, 1990

6. Contingencies

- (a) On the Detroit ICTS System Contract, problems were encountered relating to inadequate concrete beam cover in respect of the guideway system. These defects have been repaired. The Corporation, as well as legal counsel, believed that it would recover a significant portion of the costs associated with this problem from insurers or subcontractors. The matter was under arbitration in 1990. Subsequent to year end, a judgement was made. The arbitrator ruled against the Corporation and required the Corporation to pay principal of \$1,550 and accrued interest of \$1,180. The provision for recovery of costs of \$5,792 was charged to 1990 contract costs.

The Corporation has experienced delays in delivery schedules and/or technical problems on all contracts and these factors could result in additional costs. All contracts which remain outstanding have had provisions established to cover the warranty on both the vehicles and the systems. The contract warranties cover periods ranging from 1 to 5 years. There are also claims and counter-claims with certain suppliers under the Corporation's contracts.

Provisions have been made in the financial statements for the estimated costs to remedy problems, disputes, warranties, claims and for estimated recoveries where appropriate.

Any further losses incurred in respect of the matters referred to in this note will be accounted for in the financial statements in the year in which they are determined.

- (b) Under the terms of the July 1986 Purchase Agreement (note 1), as amended, the Corporation may be required to make income support subsidy payments on December 31 of each of 1993 and 1996 in respect of the losses incurred by UTDC Inc., based on 25% of UTDC Inc.'s adjusted cumulative net loss to the preceding August 31. Such subsidy payments will not, in the aggregate, exceed the aggregate amount of all interest paid by UTDC Inc. under the Debenture.

URBAN TRANSPORTATION DEVELOPMENT CORPORATION LTD.

AUDITORS' REPORT

We have audited the consolidated balance sheet of Urban Transportation Development Corporation Ltd. as at December 31, 1990 and the consolidated statements of operations and deficit and changes in financial position for the year then ended. These consolidated financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at December 31, 1990 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Coopers & Lybrand

Chartered Accountants

Toronto, Ontario
May 17, 1991

WORKERS' COMPENSATION BOARD

Statement of Unfunded Liability
for the year ended December 31, 1990

(\$ millions)

	Note	1990	1989
REVENUES			
Assessments		\$ 2,596	\$ 2,678
Investments		440	409
		<u>3,036</u>	<u>3,087</u>
EXPENSES			
Benefits			
• Paid	7	2,048	1,782
• To be paid	5	1,220	2,117
		<u>3,268</u>	<u>3,899</u>
Administrative and other		<u>387</u>	<u>307</u>
		<u>3,655</u>	<u>4,206</u>
INCREASE IN UNFUNDED LIABILITY		(619)	(1,119)
UNFUNDED LIABILITY, beginning of year		(8,469)	(7,350)
UNFUNDED LIABILITY, end of year		<u>\$ (9,088)</u>	<u>\$ (8,469)</u>

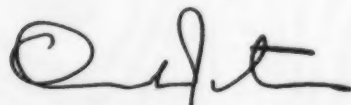
WORKERS' COMPENSATION BOARD

Balance Sheet
December 31, 1990

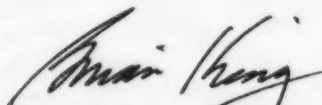
(\$ millions)

	Note	1990	1989
ASSETS			
Cash and deposits		\$ 277	\$ 446
Assessment receivables		479	504
Investments	3	5,436	4,621
Other assets		38	38
Fixed assets	4	44	41
		<u>\$ 6,274</u>	<u>\$ 5,650</u>
LIABILITIES			
Accounts payable and accrued charges		\$ 329	\$ 303
Benefits liability, estimated to be payable within one year	5	1,500	1,370
Net deposits	6	33	36
		<u>1,862</u>	<u>1,709</u>
Benefits liability, estimated to be payable beyond one year	5	13,500	12,410
		<u>15,362</u>	<u>14,119</u>
UNFUNDED LIABILITY		<u>(9,088)</u>	<u>(8,469)</u>
		<u>\$ 6,274</u>	<u>\$ 5,650</u>

On behalf of the Board:



Odoardo Di Santo
Director



Brian King
Director

WORKERS' COMPENSATION BOARD

ACTUARY'S REPORT

CONSULTING ACTUARY'S REPORT ON THE VALUATION OF THE ACTUARIAL
LIABILITIES OF THE SCHEDULE 1 ACCIDENT FUND OF THE
WORKERS' COMPENSATION BOARD OF ONTARIO
AS AT DECEMBER 31, 1990

We have determined the estimated present value of future compensation, rehabilitation and pension payments, health care expenses and retirement income benefits under Schedule 1 on account of accidents that occurred on or before December 31, 1990 to be \$15 billion. We believe that the assumptions made in this valuation are appropriate and that the methods employed are in accordance with sound actuarial principles. We have examined the data upon which the calculations were based and found it to be sufficient for the purposes of the valuation and consistent with the Board's financial statements. We consulted with the Board's Director of Actuarial Services and management in selecting appropriate assumptions and methods for the valuation. As in previous valuations, the present value does not include provision for future claims related to industrial disease or for future expenses of administration.

The present value reported above includes the liability for benefits under Bill 162 which came into effect as of January 2, 1990. In determining this liability, we took into account management's estimates of the average percentage of permanent impairment of workers becoming eligible for compensation for non-economic loss under section 45, of the average percentage wage loss of workers becoming eligible for compensation for future loss of earnings under section 45a and of the portions of compensation for future loss of earnings under section 45a and of supplemental pensions under section 135(4) of the *Act* which will be continued following the reviews 24 months and 60 months after the benefits commence. We believe management's estimates in this regard to be reasonable.

The present value reported above makes provision for estimated payments in all future years arising from accidents that occurred on or before December 31, 1990. The portion of the present value arising from such payments expected to be made in 1991 is approximately \$1.5 billion. This amount was determined on the basis of the long-term assumptions appropriate for the determination of the present value. It does not represent a forecast of actual 1991 benefit payments, which will be influenced by short-term factors.

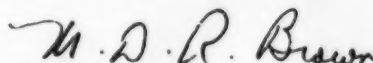
The valuation was based on the provisions of the *Workers' Compensation Act* in effect as of January 1, 1991. Full provision has been made for potential future increases in the covered earnings ceiling and in the level of compensation as provided under the *Act* by using a net investment return assumption of 3% per annum, on the assumption that investment income in excess of that rate will be required to finance increases in benefits related to inflation.

Except as otherwise noted above, the methods and assumptions employed in the valuation were consistent with those used in the previous valuation, after taking account of changes in claim patterns. A complete description of the methods and assumptions employed in the valuation will be provided in our detailed report to the Board on the valuation.

In our opinion, which includes the foregoing comments, the amount of \$15 billion as at December 31, 1990 makes reasonable provision for future compensation, rehabilitation and pension payments, health care expenses and retirement income benefits under Schedule 1 on account of accidents that occurred on or before December 31, 1990.



David A. Short, F.S.A., F.C.I.A.
Actuaries with the firm of
Eckler Partners Ltd.



M. David R. Brown, F.S.A., F.C.I.A.

April 5, 1991

WORKERS' COMPENSATION BOARD

Statement of Changes in Financial Positions
for the year ended December 31, 1990

(\$ millions)

	1990	1989
CASH PROVIDED BY (USED FOR):		
OPERATING ACTIVITIES		
Increase in unfunded liability	\$ (619)	\$ (1,119)
Add (deduct) items not involving the outlay of cash		
• Amortization of gains and discounts on investments	(105)	(125)
• Depreciation and amortization	14	9
Increase in benefits liability	1,220	2,117
Changes in other net assets	38	(52)
Cash provided by operating activities	548	830
INVESTING ACTIVITIES		
Purchases of long-term investments	(1,865)	(1,641)
Proceeds from sales and maturities of long-term investments	1,364	1,060
Purchases (sales) of short-term investments, net	(199)	(5)
Purchases of fixed assets	(17)	(22)
Cash used for investing activities	(717)	(608)
INCREASE (DECREASE) IN CASH AND DEPOSITS DURING THE YEAR	(169)	222
CASH AND DEPOSITS, beginning of year	446	224
CASH AND DEPOSITS, end of year	\$ 277	\$ 446

WORKERS' COMPENSATION BOARD

Notes to the Financial Statements
December 31, 1990

1. Nature of operations

The Workers' Compensation Board (the Board) is a Crown Agency created by an Act of the Ontario Legislature in 1914. It is responsible for administering the *Workers' Compensation Act* and Regulations of Ontario (the *Act*).

The Board administers the *Act* for two groups of employers referred to as Schedules 1 and 2. Schedule 1 relates to industries in which the employers are insured through "collective liability" and are required to contribute to the Board's Accident Fund. Schedule 2 relates to employers who are "self-insured", in that they are individually liable. The Board pays the actual cost of claims for workers of Schedule 2 employers and is reimbursed by those employers for the claims paid, as well as for the cost of administering the claims. The same applies to the federal government, which is covered under a separate agreement with Labour Canada and, consequently, is treated as a Schedule 2 employer.

The Board does not receive government funding or other assistance and raises funds through assessments on the payrolls of employers covered under the *Act* in order to provide compensation to workers of those employers who are injured in the course of employment or who contract an occupational disease.

2. Significant accounting policies

The financial statements have been prepared in accordance with generally accepted accounting principles. The significant accounting policies are summarized as follows:

Investments

a) Bonds, coupons and mortgages

Bonds, coupons and mortgages are carried at amortized cost. In the case of mortgages, amortized cost is adjusted for principal repayments. Realized gains and losses on the sale of bonds, coupons and mortgages are deferred and amortized over the lesser of 20 years or the period to maturity of the security sold.

b) Equities

Equities are carried at cost adjusted towards market value, based on the moving average market method. Both realized and unrealized gains and losses are deferred and amortized over a seven-year period.

c) Real estate securities

Real estate is carried at cost adjusted towards market value, based on the moving average market method. Both realized and unrealized gains and losses are deferred and amortized over a 10-year period.

WORKERS' COMPENSATION BOARD

Notes to the Financial Statements

d) Short-term securities

Short-term securities consist of money market instruments with maturities of less than 12 months from the date of purchase, and are carried at amortized cost. Gains and losses from sales are included in income in the year that they occur.

e) Foreign currency translation

Transactions in investments denominated in foreign currencies are translated into Canadian dollars at the exchange rate in effect at the time of the transaction. These investments are translated to Canadian dollars at the exchange rate in effect at the balance sheet date. Foreign exchange gains and losses on long-term investments are amortized over a seven-year period.

Fixed assets

Fixed assets are stated at cost. Fixed assets, excluding land, are depreciated using the straight-line method at rates calculated to amortize the cost of assets over the estimated useful lives.

Assessment revenue

Assessment revenue is determined on the basis of estimated and actual payrolls for employers included in Schedule 1 of the *Act*, adjusted for claim experience, where relevant.

Leases

Leases are classified as either capital or operating. Capital leases are recorded as the acquisition of an asset and the incurrence of an obligation. The asset is amortized over its useful life and the obligation is liquidated over the lease term. Operating lease payments and rental costs are charged to expense as incurred.

WORKERS' COMPENSATION BOARD

Notes to the Financial Statements

3. Investments

(\$ millions)

	1990		1989	
	Carrying Value	Market Value	Carrying Value	Market Value
Fixed Income Securities				
Bonds				
Government	\$ 224	\$ 218	\$ 340	\$ 347
Corporate	1,237	1,198	1,157	1,174
Coupons	1,034	1,020	875	936
Mortgages	514	506	472	472
	<u>3,009</u>	<u>2,942</u>	<u>2,844</u>	<u>2,929</u>
Equities				
Common & preferred shares				
Domestic	765	723	880	973
Foreign - U.S.	316	330	120	134
- Global	616	555	414	396
Real estate securities	325	356	189	205
	<u>2,022</u>	<u>1,964</u>	<u>1,603</u>	<u>1,708</u>
Short-term				
Money market	347	347	126	126
Accrued investment income	58	58	48	48
	<u>\$ 5,436</u>	<u>\$ 5,311</u>	<u>\$ 4,621</u>	<u>\$ 4,811</u>

The Board engages in a securities lending program whereby investments are loaned to borrowers, approved by the investment fund's custodian, for a fee, against high quality collateral. At December 31, 1990, the total market value of securities on loan amounted to \$114 million (1989 - \$207 million).

WORKERS' COMPENSATION BOARD

Notes to the Financial Statements

4. Fixed assets

(\$ millions)

	1990			1989	
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value	Depreciation and Amortization Rates %
Land	\$ 7	\$ -	\$ 7	\$ 7	-
Buildings	11	8	3	4	2 1/2
Leasehold improvements	6	4	2	2	10
Equipment	67	36	31	27	20
Motor vehicles	2	1	1	1	25
	<u>\$ 93</u>	<u>\$ 49</u>	<u>\$ 44</u>	<u>\$ 41</u>	

5. Benefits liability

Benefits liability is based on the level and nature of entitlements and actuarial determinations. Estimates for reported and unreported claims which occurred on or before December 31 are based upon past experience, modified for current trends. While significant judgemental factors are included in the determination of unpaid claims, particularly those relating to Bill 162, management believes that the amounts provided for unpaid claims are adequate. Benefits liability has been discounted to present value, using a real interest rate of three per cent.

Benefits liability does not include any provision for payment of claims relating to self-insurers, as it is a liability of the self-insurers and not of the Board.

In 1989, an amount of \$630 million, relating to the transitional provisions of Bill 162 which came into effect on July 26, 1989, was included in benefits liability. Bill 162 expanded the supplements available to permanently disabled workers who incur a loss of wages in excess of their permanent disability pension to a maximum of the full pension for old age security under section 3 of the *Old Age Security Act*. Disabled workers who are likely to benefit from a vocational rehabilitation program that reinstates them to approximately their pre-injury earnings capacity may be eligible to receive a supplement to their permanent partial disability pension.

The non-transitional provisions of Bill 162 became effective on January 2, 1990. At December 31, 1990, the benefits liability includes \$686 million, consisting of compensation for future loss of earnings (\$540 million), non-economic loss (\$92 million) and loss of retirement income (\$54 million).

As in prior years, provision has not been made for future administration costs of existing claims, or for the cost of claims for occupational/industrial diseases arising in whole, or in part, from employment prior to December 31, 1990, as it cannot be reasonably estimated.

WORKERS' COMPENSATION BOARD

Notes to the Financial Statements

6. Self-insurers

At December 31, 1990, the financial statements include the following related to self-insured employers:

	(\$ millions)	
	1990	1989
Balance Sheet		
Net deposits	\$ 33	\$ 36
Represented by		
• Investments	\$ 13	\$ 18
• Assessment receivables	20	18
	\$ 33	\$ 36
Statement of Unfunded Liability		
Assessment revenues	\$ 224	\$ 195
Benefits paid	(194)	(169)
Administrative expenses	(30)	(26)
	\$ -	\$ -

7. Benefits paid

Benefits paid consist of the following:

	(\$ millions)	
	1990	1989
Temporary compensation	\$ 777	\$ 691
Worker pensions	560	544
Rehabilitation	284	233
Health care	234	218
OAS supplement	109	14
Dependency	84	82
	\$ 2,048	\$ 1,782

WORKERS' COMPENSATION BOARD

Notes to the Financial Statements

8. Related party transactions

The Board is required to reimburse the Government of Ontario for the administrative cost of the *Occupational Health and Safety Act*. The Board is also required by the *Workers' Compensation Act* to fund the operating costs of the Workers' Compensation Appeals Tribunal, the Offices of the Worker and Employer Adviser, the Industrial Disease Standards Panel and the mine rescue stations. The total amount of funding provided under these legislated obligations in 1990 was \$53 million (1989 - \$26 million).

The Board directly funded the provincial safety associations, the Occupational Health and Safety Education Authority and provided safety and educational grants to Tourism Ontario and the Workers' Health and Safety Centre to promote accident prevention. These expenses in 1990 were \$30 million (1989 - \$48 million).

On August 15, 1990, legislation to amend the *Occupational Health and Safety Act* was proclaimed and established the Workplace Health and Safety Agency (WHSA), which succeeded the Occupational Health and Safety Education Authority, to oversee the provincial safety associations (except the Farm Safety Association), and the Workers' Health and Safety Centre of the Ontario Federation of Labour.

WHSA is funded by the Board. Under the amending legislation, the Board is required to provide funding of \$53 million to WHSA for the 1991 calendar year, which was paid on January 2, 1991.

In addition to the legislated obligations and accident prevention expenses referred to above, the financial statements also include amounts resulting from routine operating transactions conducted at prevailing market prices, with various Ontario Government-controlled ministries, agencies, and Crown corporations with which the Board may be considered related. Account balances resulting from these transactions are included in the financial statements and are settled on normal trade terms.

9. Commitments and contingencies

a) Leases

At December 31, 1990, the Board was committed under non-cancellable leases requiring future minimum payments as follows:

	(\$ millions)
1991	\$ 17
1992	12
1993	8
1994	5
1995	2
Beyond five years	2
	\$ 46

At December 31, 1989, total future minimum payments were \$58 million.

WORKERS' COMPENSATION BOARD

Notes to the Financial Statements

b) Investment commitments

At December 31, 1990, outstanding investment commitments amounted to \$31 million (1989 - \$62 million), primarily consisting of commitments to future mortgage advances.

c) Legal actions

Asbestosis

In December of 1986, the U.S. Bankruptcy Court approved a plan to establish the Manville Settlement Trust with assets in excess of \$2 billion. Claims may be made against the Trust for injuries or diseases that workers or others may have incurred due to exposure to Johns-Manville asbestos products.

The Board has, for some years, been paying benefits and expenses to workers who have incurred asbestos-related injuries or diseases. In view of this, the Board, in 1987, commenced action to exercise any subrogated rights that it might have in respect of Johns-Manville asbestos-related claims filed with the Board since 1975 by Ontario workers or their dependants.

As the amount, if any, the Board might recover from the Manville Trust cannot be determined, no recovery has been included in these financial statements.

Other

The Board is party to various claims and lawsuits which are being contested. In the opinion of management, the outcome of such claims and lawsuits will not have a material adverse effect on the Board.

10. Pension plan

The Board has a defined benefit pension plan for its employees and employees of the provincial safety associations, which provides for pensions based on years of service and earnings rates near retirement. The investment activities and the administrative and accounting matters of the pension plan are administered by the Board. An independent actuarial valuation has determined that the pension plan is in a surplus position. As at December 31, 1990, the plan's funded status was as follows:

	(\$ millions)	
	1990	1989
Pension assets	\$ 384	\$ 357
Accrued benefits	\$ 291	\$ 259

11. Comparative figures

Certain of the comparative figures have been reclassified to conform to the current year's presentation.

WORKERS' COMPENSATION BOARD

AUDITOR'S REPORT

To the Workers' Compensation Board
and to the Minister of Labour:

I have audited the balance sheet of the Workers' Compensation Board of Ontario (the Board) as at December 31, 1990 and the statements of unfunded liability and changes in financial position for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 1990 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Toronto, Ontario
April 5, 1991



D. F. Archer, F.C.A.
Provincial Auditor